DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES
HOUSE OF COMMONS

FIFTH SESSION—NINETEENTH PARLIAMENT

---

8 GEORGE VI, 1944

VOLUME IV, 1944

COMPRISING THE PERIOD FROM THE TWENTY-FIFTH DAY OF MAY, 1944,
TO THE TWENTY-SEVENTH DAY OF JUNE, 1944, INCLUSIVE

BEING

VOLUME CCXLII FOR THE PERIOD 1875-1944

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OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

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House of Commons Debates

OFFICIAL REPORT

Thursday, May 25, 1944

The house met at three o'clock.

RAILWAY COMMITTEE

Second report of standing committee on railways, canals and telegraph lines—Mr. Dupuis.

EMBASSIES

CHILE AND PERU—ELEVATION OF LEGATIONS TO THE RANK OF EMBASSY

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I have a brief announcement to make. I am making it on motions because it will be made at three o'clock this afternoon in two other countries.

I should like to inform the house that the Canadian government have agreed with the Chilean government for the elevation of their respective legations to the rank of embassy. No change in personnel is contemplated. Mr. Warwick Chipman, who presented his letter of credence as Canadian minister on March 5, 1943, will remain as Canadian Ambassador to Chile, and Doctor Eduardo Grove, who presented his letter of credence as Chilean Minister to Canada on September 15, 1942, will become Chilean Ambassador to Canada upon his return from Chile, where he is at present on leave of absence.

A similar agreement has been reached with the government of Peru. Hon. members will recall that on January 28 of this year it was announced that diplomatic missions would be exchanged between Peru and Canada, and it has now been agreed that these will be of the rank of embassy.

QUESTIONS

(Questions answered orally are indicated by an asterisk)

PERMITS FOR MANUFACTURE OF BALANCED MEAL

Mr. RAYMOND:

1. How many applications for permits to manufacture balanced meal have been made to the government on behalf of persons in the province of Quebec since November, 1942?

2. What are the names of the persons who applied for such permits?

3. How many permits for the manufacture of balanced meal have been granted in the province of Quebec since November, 1942?

4. What are the names of the persons to whom such permits were granted?

Mr. ILSLEY:

1. There have been fourteen applications made to the wartime prices and trade board for permits to manufacture balanced meal in the province of Quebec since November 2nd, 1942, to date.

2. The names of the persons who applied for these permits are: Hilliard I. Hobbs, Shawville, Que.; J. W. Trudel, Amos, Que.; Theo. Phenix, St. Hyacinthe, Que. Plant to be situated at Galt, Ont. Quebec Stores, Reg'd., 62A Commercial St., Levis, Que.; G. Arthur LeMay, 170-172 rue St. Pierre, Quebec, Que.; J. A. Laforest, Squattick, Que.; Moulin Co-op. de Michel de Squatec, St. Michel de Squatec, Que.; Co-op. Agricole des Cultivateurs, Riviere du Loup, Que.; Societé Agricole Co-operative, St. Germaine de Grantham, Que.; Societé Agricole de Beurrerie et Fromagerie de St. Wenceslas, St. Wenceslas, Que., Ival Paquette, Ste. Brigide, Que., Lorenzo St. Pierre, Plessisville, Que.; Co-operative de Deschaillons, Deschaillons, Que.; Co-operative Agricole de Mouleés Alimentaires, Cabano, Que.

3. Eight permits have been granted.

4. The names of the persons to whom such permits have been granted are: Hilliard I. Hobbs, J. W. Trudel, Theo. Phenix, Quebec Stores Reg'd., G. Arthur LeMay, J. A. LaForest, Moulin Co-operative de Michel de Squatec; Co-op. Agricole des Cultivateurs.

EXCISE ACT—CHARGES AGAINST ANDREW AND CLOVIS PERRY

Mr. HANSON (York-Sunbury):

1. Did the excise branch of the Department of National Revenue cause an information to be laid against Andrew Perry and Clovis Perry, Prince county, P.E.I., for illegalities against the Excise Act?

2. If so, who is acting as counsel for the crown in this case, (a) on the preliminary hearing; (b) on the trial of the indictment?

3. When was the first information laid and by whom?

4. Was there a preliminary hearing, and if so, before what court?

5. What counsel fees have been paid to date and to whom?
6. What witness fees have been paid to date?
7. What other costs have been paid in this case?
8. What further fees or costs have been incurred but not yet paid?
9. What will be the total cost to the federal treasury of these proceedings?
10. Has the attorney general of the province of Prince Edward Island been requested to prosecute in this case? If so, has he acted?
11. Has there been more than one trial of this case, and if so, how many?
12. Why were the proceedings taken by way of indictment, instead of by summary conviction under the appropriate part of the criminal code?

Mr. GIBSON:

1. Yes.

2. (a) Richard S. Hinton, Summerside, P.E.I.; Peter J. Hughes, K.C., Fredericton, N.B.

(b) Richard S. Hinton, Summerside, P.E.I.; Peter J. Hughes, K.C., Fredericton, N.B.

3. 14th Oct., 1942, Cst. Truman D. Trenouth, R.C.M.P.

4. Yes. Walter E. Darby, Esq., stipendiary magistrate, Summerside, P.E.I.

5 to 12. It is not considered to be in the public interest to answer these questions at the present time for the reason that the case is still before the courts.

EXCISE ACT—CHARGES AGAINST JOHN HOLMAN GALLANT

Mr. HANSON (York-Sunbury):

1. Did the excise branch of the Department of National Revenue cause an information to be laid against John Holman Gallant, Prince county, P.E.I., for illegalities against the Excise Act?
2. If so, who is acting as counsel for the crown in this case, (a) on the preliminary hearing; (b) on the trial of the indictment?
3. When was the first information laid and by whom?
4. Was there a preliminary hearing, and if so, before what court?
5. What counsel fees have been paid to date and to whom?
6. What witness fees have been paid to date?
7. What other costs have been paid in this case?
8. What further fees or costs have been incurred but not yet paid?
9. What will be the total cost to the federal treasury of these proceedings?
10. Has the attorney general of the province of Prince Edward Island been requested to prosecute in this case? If so, has he acted?
11. Has there been more than one trial of this case, and if so, how many?
12. Why were the proceedings taken by way of indictment, instead of by summary conviction under the appropriate part of the criminal code?

Mr. GIBSON:

1. Yes.

2. (a) Richard S. Hinton, Summerside, P.E.I.; Peter J. Hughes, K.C., Fredericton, N.B.

(b) Richard S. Hinton, Summerside, P.E.I.; Peter J. Hughes, K.C., Fredericton, N.B.

3. 14th Oct., 1942, Cpl. Lewis J. Watson, R.C.M.P.

4. Yes. Walter E. Darby, Esq., stipendiary magistrate, Summerside, P.E.I.

5 to 12. It is not considered to be in the public interest to answer these questions at the present time for the reason that the case is still before the courts.

EXCISE ACT—CHARGES AGAINST FRANK AND HARRY GALLANT

Mr. HANSON (York-Sunbury):

1. Did the excise branch of the Department of National Revenue cause an information to be laid against Frank Gallant and Harry Gallant, Prince county, P.E.I., for illegalities against the Excise Act?
2. If so, who is acting as counsel for the crown in this case, (a) on the preliminary hearing; (b) on the trial of the indictment?
3. When was the first information laid and by whom?
4. Was there a preliminary hearing, and if so, before what court?
5. What counsel fees have been paid to date and to whom?
6. What witness fees have been paid to date?
7. What other costs have been paid in this case?
8. What further fees or costs have been incurred but not yet paid?
9. What will be the total cost to the federal treasury of these proceedings?
10. Has the attorney general of the province of Prince Edward Island been requested to prosecute in this case? If so, has he acted?
11. Has there been more than one trial of this case, and if so, how many?
12. Why were the proceedings taken by way of indictment, instead of by summary conviction under the appropriate part of the criminal code?

Mr. GIBSON:

1. Yes.

2. (a) Richard S. Hinton, Summerside, P.E.I., and Peter J. Hughes, K.C., Fredericton, N.B.; (b) Richard S. Hinton, Summerside, P.E.I., and Peter J. Hughes, K.C., Fredericton, N.B.

3. 14th Oct., 1942, Cst. Percy Kinch, R.C.M.P.

4. Yes. Walter E. Darby, Esq., stipendiary magistrate, Summerside, P.E.I.

5 to 12. It is not considered to be in the public interest to answer these questions at the present time for the reason that the case is still before the courts.

[*Later:*]

On the orders of the day:

Mr. HANSON (York-Sunbury): Mr. Speaker, on a question of privilege, on May 16 I put a series of questions to the ministry relating to certain prosecutions which have been carried on by the excise branch of the Department of

National Revenue in the province of Prince Edward Island—twelve identical questions relating, however, to three different prosecutions. Questions 1, 2, 3 and 4 have been answered to-day, but I am denied the answers to questions 5 to 12 inclusive on the alleged ground that "it is not considered to be in the public interest to answer these questions at the present time for the reason that the case is still before the courts."

What are the questions?

5. What counsel fees have been paid to date and to whom?
6. What witness fees have been paid to date?
7. What other costs have been paid in this case?
8. What further fees or costs have been incurred but not yet paid?
9. What will be the total cost to the federal treasury of these proceedings?
10. Has the attorney general of the province of Prince Edward Island been requested to prosecute in this case? If so, has he acted?
11. Has there been more than one trial of this case, and if so, how many?
12. Why were the proceedings taken by way of indictment, instead of by summary conviction under the appropriate part of the criminal code?

I suggest that I am denied the privileges of a member of parliament. I am entitled to have that information notwithstanding that the case may be under appeal.

WARTIME PRICES AND TRADE BOARD—BYRNE HOPE SANDERS

Mr. DIEFENBAKER:

1. Upon what date was Byrne Hope Sanders appointed to the consumers' branch of the wartime prices and trade board?
2. What is the nature of her position, and her monthly salary?
3. What is the total amount that has been paid to her since her appointment for, (a) salary; (b) living expenses or other allowances; (c) travelling expenses; (d) any other payments?

Mr. ILSLEY:

1. Byrne Hope Sanders was appointed to the consumer branch of the wartime prices and trade board effective January 29, 1942.

2. Miss Sanders is director of the consumer branch, serving without remuneration.

3. (a) See answer to question 2.

	Living Expenses	Travelling Expenses
(b) and (c) January 29, 1942 to March 31, 1942	$ 111 60	$ 662 96
April 1, 1942 to March 31, 1943	2,243 49	1,487 52
April 1, 1943 to March 31, 1944	2,259 78	1,263 82
April 1, 1944 to date	21 66	239 06

(d) Nil.

FIFTH VICTORY LOAN

Mr. NOSEWORTHY:

1. What is the cost to the government for raising the fifth victory loan, for, (a) publicity; (b) canvassers; (c) banks and investment dealers, commission, etc.; (d) other expenses?
2. What was the total amount subscribed?
3. What was the total number of subscriptions?
4. What was the total amount subscribed and the number of subscribers in each denomination in which subscriptions were received?

Mr. ILSLEY:

1. (a) Advertising and publicity $1,576,981 69
(b) Salesmen's commissions 2,687,315 46
(c) Remuneration to banks, trust and loan companies, etc. 2,328,641 23
Remuneration to investment dealers 3,220,875 00
(d) Other expenses 2,003,397 09

2 and 3.

	Amount	Number
Cash subscriptions	$1,374,988,500	3,008,336
Conversion subscriptions	195,591,500	24,715
Total subscriptions	$1,570,580,000	3,033,051

4. Records of the national war finance committee are not maintained in such a way as to disclose the number of subscribers and the amount subscribed in each denomination.

WAR VETERANS' ALLOWANCES—WIDOWS

Mr. KNOWLES:

1. Does the provision of order in council P.C. 5/3655, dated May 15, 1944, apply to the case of widows receiving special allowances from the war veterans' allowance board, under the terms of order in council P.C. 1/5028, dated June 22, 1943?
2. If not, is consideration being given to applying this provision as noted above?

Mr. MACKENZIE (Vancouver Centre):

1. Widows receiving compassionate allowances from the war veterans' allowance board do so under the authority of appropriation acts. No limitation as to the date of marriage has at any time been included in the regulations approved by order in council under the statutory provision.

2. Answered by No. 1.

BASIS FOR UNITED STATES WHEAT VALUES

Mr. PERLEY:

1. What basis is used in arriving at the United States values of wheat?
2. Why is it necessary to use the formula of issuing a price for Canadian wheat to exporters and mills that is in force from 1.15 p.m. until

9.30 a.m. the following day, except on Saturdays when they are in force from 12 noon until 9 a.m. the following market day?

Mr. MacKINNON (Edmonton West):

1. The same question by the hon. member for Qu'Appelle was asked in *Votes and Proceedings* No. 27, page i, and replied to on March 13, 1944 as follows:

The basis is the differential between the values of wheat in Canada and the United States. The prices are issued daily to exporters and mills and are in force from 1.15 p.m. to 9.30 a.m. the following day, except on Saturdays when they are in force from 12.00 noon until 9.30 a.m. the following market day.

2. The prices so established are valid during the period from the close to the opening of United States markets. When the prices are received by the exporter at 1.15 p.m. he has until 9.30 a.m. the following day to contact the United States buyer and endeavour to arrange a sale based on the price established for the period.

WARTIME HOUSING, MONTREAL—T. PANOS

Mr. BERTRAND (Terrebonne):

1. Is Mr. T. Panos in the employ of the wartime housing, district of Montreal?
2. What are his position and salary?
3. Has he held several positions with wartime housing?
4. If so, what were these positions, when did he hold them, and by whom was he recommended for each of said positions?

Mr. CHEVRIER:

1. Yes.
2. District supervisor of wartime housing district No. 3, $4,000 per annum.
3. Yes.
4. On July 6, 1942, Mr. Panos was appointed superintendent of staff houses at Sorel, Quebec, on the recommendation of the administrator of the Sorel branch of Wartime Housing Limited. On February 11, 1943, Mr. Panos was appointed acting administrator of the Sorel branch of Wartime Housing Limited, owing to the illness of the administrator. On April 1, 1943, on the death of the administrator, Mr. Panos was appointed administrator of the Sorel branch of Wartime Housing Limited by Toronto head office management. On February 15, 1944, Mr. Panos was appointed district supervisor of Wartime Housing Limited district No. 3 by Toronto head office management on merit of his past performance.

WAR FINANCE COMMITTEE—ADVERTISEMENT IN "LIBERAL ADVOCATE"

Mr. BENCE:

1. Was an advertisement inserted by the national war finance committee in the April, 1944, number of the periodical known as the *Liberal Advocate*?

[Mr. Perley.]

2. If so, what was the cost to the national war finance committee, and/or any other department of the government for such advertisement?

Mr. ILSLEY:

1. Yes.
2. $180.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GALLUP POLL

Mr. DORION:

1. Since the 1st January, 1940, has the Gallup poll received any payments from the dominion government or any agencies, commissions, boards, controls, etc., subject to or under the control of the dominion government or organized under the authority of any dominion laws?
2. If so, when and for what?

MUNITIONS AND SUPPLY—QUEBEC ARSENAL—S. J. MYLER

Mr. DORION:

1. Has Stephen James Myler been in the employ of the Department of Munitions and Supply at the Quebec arsenal? If so, (a) since what date; (b) in what capacity; (c) is he still in the employ of the department?
2. Was a complaint for theft by an employee of the government (sec. 359 (c) of the criminal code), lodged against the said S. J. Myler before a Quebec court of justice? If so, (a) at what date; (b) by whom; (c) under what authority; (d) for what amount?
3. Did a trial take place and what was the verdict?
4. If the said S. J. Myler was found guilty, what was the sentence rendered against him?
5. Were any instructions given by E. Miall, acting deputy minister of justice, concerning the sentence to be imposed upon the said S. J. Myler?
6. Who was the complainant's solicitor in this matter and what instructions were issued to the said solicitor, either as to the conduct of the inquiry or as to the sentence to be imposed?

CANADIAN ARMY OVERSEAS—RETURN OF OFFICERS TO CANADA

Mr. HAZEN:

1. Why was the recommendation of the Canadian army overseas that the 213 officers it returned to Canada be discharged, not carried out in 142 cases?
2. What was the rank of each of these 142 officers?
3. In what branch of the service is each of these 142 officers employed at present, and what is the nature of his employment?
4. What was the rank of each of the 71 officers who were discharged?
5. Were any of these 71 officers awarded pensions?

PRIME MINISTER CHURCHILL

SUGGESTED PUBLICATION IN VOTES AND PROCEEDINGS OF SPEECH OF MAY 24

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): I wonder whether the government and the house would be willing to have published in *Votes and Proceedings* the complete text of the speech made yesterday at Westminster by Mr. Churchill. It is a report of the meeting of dominion prime ministers, and it is the sequel of the speech of our Prime Minister which is already on the same record. What is the intention of the government in that regard?

Hon. T. A. CRERAR (Minister of Mines and Resources): That question, Mr. Speaker, might be allowed to stand, and an answer may be given, perhaps, to-morrow.

LABOUR CONDITIONS

APPLICATION OF EMPLOYEES OF DOMINION ARSENALS AT LINDSAY FOR CERTIFICATION

On the orders of the day:

Mr. GORDON GRAYDON: (Leader of the Opposition): Will the Minister of Labour kindly advise the house as to what disposition the government has made of the requests of the United Electrical, Radio and Machine Workers of America, and others, with respect to the application for certification of the employees of the dominion arsenals at Lindsay?

Hon. HUMPHREY MITCHELL (Minister of Labour): The leader of the opposition was good enough to give me notice of this question.

I am informed that the wartime labour relations board—that is the national board—has not been able to entertain the application affecting the dominion arsenals at Lindsay for the reason that the employees concerned are directly employed by the crown and, hence, are outside the jurisdiction of the board.

As hon. members are aware, the government has a number of employees in the arsenals at Lindsay and elsewhere. Some of these form part of the peace-time establishment of the government service. They have always been classed as civil servants and as such outside the legislation provided for collective bargaining. In that respect they are in the same position as all other prevailing rates employees of the government, that is, employees who are paid on an hourly rate basis.

Consideration is being given to the possibility of having the recently established national joint council of the public service of Canada deal with the matter.

Mr. GRAYDON: If these men are civil servants, do they come under a superannuation scheme?

Mr. MITCHELL: I could not answer my hon. friend off hand. I understand that some do.

Mr. GRAYDON: I think there is quite a distinction. That is why I asked the question.

QUEBEC FARM LABOUR BUREAU

On the orders of the day:

Mr. LIGUORI LACOMBE (Laval-Two Mountains). I gave notice to the Minister of Labour of the following question, which I now direct to him. Is the Quebec farm labour bureau, located at 31 West St. James street, Montreal, a federal organization or an organization of the government of Quebec?

Hon. HUMPHREY MITCHELL (Minister of Labour): The Quebec farm labour bureau, located at 31 West St. James street, Montreal, is a branch of the dominion-provincial farm labour organization in Quebec. A similar office is operated in Quebec city. The administration of these offices is the responsibility of the province and under the dominion-provincial farm labour agreement one-half of the expenses are borne by the dominion. The function of these offices is to recruit and place workers on farms.

POST-WAR CIVIL AVIATION

DISCUSSIONS BETWEEN SOVIET RUSSIA AND CANADA

On the orders of the day:

Mr. H. C. GREEN (Vancouver South): May I direct a question to the Minister of Munitions and Supply arising out of a press dispatch yesterday in which it was intimated that the Soviet ambassador to Canada had stated that it was likely there would be discussions between Russia and Canada concerning post-war air routes and air lines. Will the minister tell the house whether that is correct; and perhaps he can also give us a statement in that connection.

Hon. C. D. HOWE (Minister of Munitions and Supply): We have been advised that a delegation from the Russian government are in the United States, or on their way there, to discuss with the United States government civil aviation problems. The conference will be one of a series of bilateral talks which are being held between various countries interested in civil aviation. An invitation has been extended to the Russian government to send representatives to Canada to hold similar bilateral talks with this government, and we are hopeful that the invitation will be accepted.

THE WAR

ITALIAN CAMPAIGN—PENETRATION BY THE CANADIAN CORPS OF HITLER LINE

On the orders of the day:

Hon. J. L. RALSTON (Minister of National Defence): Mr. Speaker, perhaps I may be permitted to make reference to-day to something which is, I am sure, in the minds of every Canadian, and that is the spectacular advance which has been made by Canadian troops on the western flank of the 8th Army drive.

Hon. members will recall that, after crossing the Rapido river, very stiff resistance was encountered, and a cessation occurred in the advance for something like two days. In the last thirty-six hours there has been what is regarded, I believe, as a brilliant advance of something like six miles, in which the Canadian troops have aided in the capture of Pontecorvo, which had proved of considerable difficulty for some time. As a matter of fact Pontecorvo is one of the important communication points in the Hitler line. Instead of making a frontal attack, the Canadians cut in behind Pontecorvo and breached the line on a five-mile front. I cannot as yet say anything with regard to casualties. I know there has been severe resistance; many temporary obstacles, mines and the like, have been encountered, and quite a number of prisoners have been taken. The advance is still continuing and is well across the Melfa river, six miles from the start thirty-six hours ago, and about twelve miles from the Rapido. At the present time Canadian troops are spearheading the advance up the Liri valley.

Members of this house and Canadians all across the dominion will unite in pride and satisfaction at this fine achievement of the Canadian corps in Italy. I am sure it is of more than passing significance that the operation took place on Empire day and Victoria day.

I have word just now with regard to operations between the Anzio beachhead and the left flank of the 5th Army. Word has come in—although not yet confirmed, I think it is authentic—that the Anzio beachhead troops and the 5th Army have joined forces, and that on the Adriatic side there are signs that the enemy is moving back on the right flank.

Mr. GORDON GRAYDON (Leader of the Opposition): May I join the minister in expressing the pride which I think everyone in Canada has in the splendid achievement of our Canadian forces in Italy. May I say also to the minister that we in parliament hope that from time to time he or the Prime Minister will see his way clear to giving us reports on such important engagements as those which have just been mentioned by the minister. I think it is proper that parliament should have such information; for we in this chamber are of course extremely interested in the progress of these developments.

BUSINESS OF THE HOUSE

CONSIDERATION OF PRIVATE BILLS

On the orders of the day:

Hon. GROTE STIRLING (Yale): May I ask the government whether it will give consideration to the taking up of private bills to-morrow evening from eight to nine? There is standing in my name a bill which is most important and which should be proceeded with if possible.

Hon. T. A. CRERAR (Minister of Mines and Ressources): I am informed that it is the intention to have these bills considered on Monday evening.

MOUNTED POLICE

ARRESTS IN CONNECTION WITH DEATH OF GEORGE GUÉNETTE

On the orders of the day:

Mr. LIGUORI LACOMBE (Laval-Two-Mountains): Mr. Speaker, I gave notice to the Minister of Justice that I would ask this afternoon the three following questions. First: (Translation): Has the Department of Justice been informed that members of the Royal Canadian Mounted Police have been arrested on the order of the attorney general of Quebec, and charged with manslaughter in connection with the death of young Georges Guénette, of St. Lambert de Lévis?

Hon. LOUIS S. ST. LAURENT (Minister of Justice) (Translation): I have been advised by the Commissioner of the Royal Canadian Mounted Police, on Friday last, May 19, that a complaint had been lodged against a constable of the mounted police and against a special constable employed by that body since December, 1943. The complaint was lodged by a member of the provincial police. We have no official information to the effect that he was acting on the instructions of the attorney general of the province of Quebec, but we have reason to believe that such is the case. The preliminary hearing had first been postponed till to-day and I understand that it has been further adjourned to June 1.

INTERNMENTS

CAMILLIEN HOUDE—SITTING OF ADVISORY COMMITTEE

On the orders of the day:

Mr. LIGUORI LACOMBE (Laval-Two Mountains): The second question is this (Translation): Can the minister tell the house on what day of this month will be held before the advisory committee the inquiry which is to take place in Fredericton in connection with the application for release filed by Mr. Camillien Houde?

Mr. SPEAKER (Text): Perhaps the minister will say what the question is.

Mr. ST. LAURENT: The hon. member inquires whether I can state the date upon which the advisory committee will consider the request of Camillien Houde for a review of his case. I am not in a position to state the date. I can say that the advisory committee is on its way to Fredericton, if it has not yet arrived there. It is expected to arrive this afternoon. It has seventeen files to consider, and it is the practice that the members of the committee themselves determine in what order each of these cases will be proceeded with.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Tuesday, May 23, consideration in committee of a resolution to grant to His Majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

MINES AND RESOURCES

Mines and geology branch—development of tar-sands of Alberta. Remodelling and expansion of plant of Abasand Oils, Limited, $500,000.

Hon. T. A. CRERAR (Minister of Mines and Resources): Mr. Chairman, it might be useful and helpful to the committee if I gave a statement, which I shall make as brief as possible, in the nature of a summary of the developments in the tar sands of northern Alberta, which has been receiving the consideration and assistance of the government now for the past few years. When the government first became interested in a financial way in this development it was through the Department of Munitions and Supply. Before I touch upon that, however, it might be useful to look back over the years very briefly and get the background for this development.

These oil sands or, as they were commonly called, tar sands, were first noticed by Mackenzie when he made his trip down the Mackenzie river to the Arctic in 1789, if my memory is correct. At various times since then notice has been taken of them. From time to time a great many stories came out until the tar sands of the Athabaska area became a sort of legend in Canada. I recall over fifty years ago stories circulating on the prairies of western Canada of the wonderful sands that existed in the far northern country. In 1914 some sixty tons of the sands were taken to Edmonton by rather costly means of transportation, and were used for street paving purposes. Later in 1926 and 1927 over 33,000 square yards of roads and paths were paved in Jasper park with these sands. The interesting thing to record in both these cases is that the roads have stood the test of time in the years that have gone by since the material was laid down, which indicates that at any rate these sands have a real practical value for road-making purposes.

In 1915 the government of the day reserved over 2,000 acres from any alienation whatever by the crown, and this was later definitely confirmed by order in council. In 1930, as hon. members of the committee are aware, the resources were transferred to the provinces, and Alberta received the so-called tar sand area in the northern part of that province along with its timber and land. Since that time the complete control and administration of these tar sands in Alberta, with the exception of the few thousand acres that were reserved by the federal government, have been under the control of Alberta.

Beginning in 1922 and in subsequent years the university of Alberta carried on experimental work to determine if possible what practical value the oil sands had in the production of fuel oil. Those experiments resulted in a process by which the oil, or to describe it more correctly, the bitumen, could be separated from the sands. It might be mentioned, too, that about twenty years ago, or a little more, a substantial quantity of those sands was shipped to Great Britain for testing purposes by a company there which was interested generally in the recovery of oil from various kinds of material.

Mr. MacNICOL: In what year was this?

Mr. CRERAR: About twenty years ago, I think, in 1922 or 1923. In 1935 a company known as the Abasand Oils Limited was formed. This company consisted wholly of private

capital, and they leased a hundred acres of what was known as the Horse River area in Alberta. I might say that this was leased to them from the portion retained by the federal government. This was a new venture. I think it is important to note here that in a development of this kind new ground has to be broken. I know of no other place in the world where as large a similar occurrence is found, and consequently the matter of the commercial exploitation of these sands quite obviously depended on a great many factors that were at that time wholly unknown. All that the Abasand company had to go on was that a process of separation of the bitumen from the sand had been worked out with a fair, or perhaps I might say, good measure of success.

The shipment to Britain did not result in any particular increase of knowledge regarding the manner in which these sands could be treated. As I recall that case, if my memory serves me rightly, the federal government bore the expense of transporting the sand to Edmonton, and from Edmonton thereafter the whole expense was borne by the British company.

In the initial stages of its operations the Abasand company naturally ran into a good many difficulties. As I stated a moment ago, it was practically new ground. In the initial years, and indeed up to the present time, its work had to be very largely of an experimental character. At any rate they got along to the point where the plant was operating fairly steadily in 1941. But the results they reached clearly indicated that a great deal of work still remained to be done before there could be a successful exploitation of those resources. In the latter part of 1941 this plant was destroyed by fire, and for the time being operations ceased completely. In the early summer of 1942 the plant was rebuilt and operated intermittently for several months.

That is the brief story of the development, apart from any government participation up to that period. In 1942, as hon. members are fully aware, the gasoline situation became increasingly more difficult. I need not here recount the reasons for that. Submarine warfare was at its highest peak at that time. A lot of oil tankers were being sunk by submarine action and the oil, of course, was lost. It therefore became a matter of great concern to the government here how best to deal with that situation. One of the proposals considered was the possibility of exploiting commercially the oil sands in northern Alberta. At that time this work was all under the direction of the oil controller of the Department of Munitions and Supply; and in 1942, through the agency of the oil controller, arrangements were made with the Consolidated Mining and Smelting company to do certain work. This was fully covered in a statement made by my colleague, the Minister of Munitions and Supply, on April 14, 1943.

Under the agreement with the Consolidated Mining and Smelting company three main tasks were assigned to them. It might be useful if I gave them in brief form to the committee. Under the arrangements made with the Consolidated Mining and Smelting company, that company undertook to do the following work:

Test drilling of the bituminous sands areas in the vicinity of Fort McMurray, Alberta, to provide reliable information as to the thickness and richness of the sands and the extent and location of areas which might support large scale developments, including data on depth of overburden and on all other relative factors;

Studies at the plant near Fort McMurray of the Abasand Oils Limited, such as checking costs and efficiency of mining and extractive operations and making test refinery runs;

Inquire into research and development work on the processing of tar sands, to include the utilizing of the facilities of research laboratories and/or commercial refineries in Canada or the United States to discover by actual experiment and trial runs what kinds and quantities of products can be produced from bitumen extracted from the tar sands.

I do not wish to comment adversely upon the work of the Abasand company, but looking in retrospect at the work carried on from the time it first put in a plant about 1935 gives me the impression that they proceeded without full knowledge of the factors involved in making a commercial success. For instance, one of the important things in the successful development of such a project is not only the quality of the sands but the cost of getting them from the beds to the point where they are to be treated. There is an overburden of as much as 150 feet in some cases, although in other cases it is less. These tar sands cannot be mined in the way that coal or mineral ores are mined; you cannot sink a shaft and proceed to take out the sands and bring them to the place of treatment. Apparently the only method by which the sands can be obtained is to remove the overburden and then take the sands to the place where the required treatment is given.

The committee will have noted that there were three points upon which the Consolidated Mining and Smelting company were asked to provide information. I might interject here to state that the total cost of this work was approximately $132,000. After they had carried on the work they made a report which was tabled in the house on April 15, 1943, and was thus made available to hon. members. The Consolidated Mining and Smelting company have been a successful mining organization and they have many high-class technical men in their employ. Naturally their recommendations carried a great deal of weight. I shall not refer to the report at any length, but it contained a number of recommendations as follows:

The continuation of the drilling programme in the Steepbank river area and elsewhere;

Making certain alterations to the plant of Abasand Oils Limited so that more complete operating data can be secured;

The securing of complete data on the kind and quality of products which could be made from Athabaska tar sands;

The preparation of plans and estimates to indicate the capital expenditure, operating costs, transportation and marketing problems which would be involved in the construction of a large scale development.

The oil controller and the technical officers of the Department of Mines and Resources gave careful study to this report. If anything, the need for fuel oil had increased. It was decided after careful consideration to enter into an arrangement with the Abasand company. It had certain works on the ground, although incomplete, which provided a basis upon which a real test could be made. As a result an agreement was entered into with the Abasand company, which was tabled in the house on May 20, 1943. That agreement fully sets out the conditions of the arrangements that were made with the company. I shall outline them briefly.

The government advances all costs necessary to construct a new plant and carry on the operations, on the security of all the assets of the company. Second, the construction and operation remains with the company, but the government has the final word. I may say here that some new directors were placed on the board of the Abasand company, men who had general experience in mining work. The manner in which the Abasand company proceeded from that time on was subject to the approval of the director of the mines and geology branch of the Department of Mines and Resources.

At the expiry of the agreement the government has the first option of taking over the whole enterprise upon fair and equitable terms without any allowance for good will. We took over the assets of the old Abasand company. If the government wishes to retain them and there is disagreement with the original owners as to the value of such assets as may be taken over, there is provision for the matter being adjudicated in the exchequer court. The first step which was taken after this was done was, as I said a moment ago, a reorganization of the company, and the introduction of new management. The first matter which engaged attention after this step was taken was to what extent the existing plant was suitable for carrying on the work required so as to have a complete test made of the commercial possibilities of these sands. It is on this point that a difference of opinion exists, I believe.

All I can say is that the best advice the Abasand company could get was secured. That advice was checked by the technical officers in the mines branch of the Department of Mines and Resources. Every step taken in the alteration of the plant and in the work carried on in connection with it was taken only after careful consideration and after agreement between the technical men of the Abasand company and those of the Department of Mines and Resources. It was found that it was not possible to secure a fair test with the existing plant. In the first place it was not properly designed; in the second place it was out of balance as between its various factors, and, in the third place, it was so constructed that it was practically impossible to make the change over to the kind of plant it was considered necessary to have in order to give a fair test on the whole operation.

There was the problem not only of rebuilding the plant but of getting a water supply to it. First, if there was to be commercial operation throughout the year, then there must be a steady water supply, because the process of separation depends almost entirely on water. That is my understanding of it. These sands are immersed in hot water, agitated over a certain length of time, and in that process of agitation the particles of oil which adhere to the grains of sand are detached, come to the surface, flow off, and form the bitumen, which is the first step in the process of getting oil.

In addition, a water supply had to be secured for fire fighting purposes. I believe there was

some criticism by the hon. member for Davenport (Mr. MacNicol) with respect to the removal of some tanks—presumably oil storage tanks—across the stream, for other purposes. One tank was moved as a water reservoir for protection purposes. It can readily be understood that in a plant like this, which processes inflammable materials, it is necessary to have most complete protection against fire.

There have been some exaggerated statements made respecting the town site. If this process was to be given a fair test, it was necessary to provide facilities for the people who would be doing the work. The committee should remember that this whole operation was still very much in the experimental stage a point to which I shall refer in greater detail in a moment. It contemplated operations which might last over a considerable period of time. If employees are working in a plant, particularly one located several hundred miles north of Edmonton, they must at least be given comfortable quarters, or reasonably comfortable quarters, in which to live.

I am not saying that here and there mistakes might not have been made. I confess frankly that I am no more competent than any other member of the committee to judge on that point. But I do wish to dissociate myself fully from any criticism that there was reckless and foolish expenditure of money. There was not.

I have no doubt hon. members will be fully aware of the fact that in the last few years it has been extremely difficult to get the necessary labour to carry on this work near Waterways. There is no place in Canada where labour has been more difficult to secure in the last two years than it has been in northern British Columbia and northern Alberta. There has been work in connection with building the highway for military purposes from Terrace to Prince Rupert. There has been the Canol project in the Mackenzie River valley. Then, the building of the Alaska highway made heavy drafts on labour, and it was very difficult to get the labour required to carry on the work of, shall I say, rejuvenating the Abasand company's plant at Fort McMurray.

Another difficulty arose in connection with the priority on materials and equipment. As hon. members know, materials have been scarce, and this fact contributed to delays in having the work completed. It is now, however, pretty well advanced. The separation plant is practicaly completed, and it is anticipated that the changes in the refinery will be completed by September 1. We shall then have a well-balanced plant, and one which can be efficiently and, we hope, economically operated.

[Mr. Crerar.]

But let me add that this does not provide a commercial plant for commercial purposes, a fact which I cannot emphasize too often. After all, this is an experimental plant, or, if you like, a pilot plant. There are many problems to be solved before the exploitation of these sands can result in commercial success. There is nothing new in that principle. For instance, I remember the facts associated with the formation of one of the larger mining companies in Canada, the name of which I shall not give.

They found a large body of base metal ore of a very complex character, completely new in mining experience. There was no question that the body of ore was there and no question that it had base metal elements in it, but there was no known process by which this ore could be treated to extract the metals from it. The whole project started with experimental work in the laboratories of the department of mines in Ottawa and in a mines laboratory in Denver, Colorado. The company spent approximately one million dollars in building a pilot or experimental plant. After it had been constructed the company found that they had to make changes in it. They found that the experience derived from the laboratory tests did not always carry through when it came to large scale operations. That case is analogous to the plant of the Abasand company. When it gets into operation it will, I am convinced, be on a basis that will afford the fairest possible test of what can be done with the bitumen in these tar sands.

Mr. JOHNSTON (Bow River): When do they expect to get into operation?

Mr. CRERAR: The separation plant will, I hope, commence operations on June 1, and the refinery about September 1. It is necessary if you are going to have a fair test to operate the year round, because you might have a process that might work well in summer and not work nearly as well in cold winter weather. So that in order to have a commercial development you must find a process that can operate three hundred and sixty-five days a year. That I think will be apparent to everyone.

I come now to practically the concluding part of what I have to say, and here I wish to sound a note of caution about the possibilities of these sands. The Consolidated Mining and Smelting company submitted a considerable sample of the bitumen to Universal Oil Products, a firm of oil chemists—I do not know whether I am describing them quite correctly—in the city of Chicago who have had long and varied experience in work of this kind. They tested the bitumen that was

submitted to them and reported—it is worth while to note this—that 22 per cent by volume would be recovered as aviation gasoline of 100 octane rating, and 17 per cent by volume would be recovered as motor fuel of from 73 to 74 octane rating, which is about the quality of the gasoline we use in our motor cars.

Mr. JOHNSTON (Bow River): What was the percentage of motor car gasoline?

Mr. CRERAR: They reported that 17 per cent by volume would be recovered as motor fuel from 73 to 74 octane rating. Also 16½ per cent by volume of fuel oil would be available for sale; that is the cheaper fuel oil that might be used, for instance, in diesel tractors. The total saleable products in high grade gasoline, lower grade gasoline and fuel oil would be 55·5 per cent. Some use might also be found for the residue. The percentages I have given and the qualities of these percentages give some indication of what could be recovered from the bitumen on a large scale operation.

Mr. JOHNSTON (Bow River): Would it be a commercial success?

Mr. CRERAR: I shall deal with that in a moment. Assuming that our pilot or experimental plant works out, that you can get the sands from their present beds transported to the plant, get them through the plant and make the separation, and then in the refinery make the breakdown on the basis, let us say, of the report presented by Universal Oil Products, you would then have a large-scale operation, and of course the larger the scale of operation the better the chance there is of reducing the costs.

Universal Oil Products estimate the cost of constructing a refinery to treat 5,000 barrels of bitumen per calendar day at $8,700,000 in United States funds, which, if you include sales tax, duty and exchange, would be approximately $12,000,000 in Canadian funds. Those figures do not include the cost of mining or the cost of a separation plant. The cost of a separation plant is not nearly so large as the cost of a refinery, because it simply provides the vats into which the sand and hot water is poured and an agitation carried on, much as hon. members have seen in gold mining using the cyanide process. Once you get the bitumen off, the real job starts. It is very difficult to give any estimate of cost. In fact I would hesitate to give any estimates of cost because they are really little more than guesses. I do not believe in guessing in a matter of this kind. I have always in my experience wanted the facts before me and then analysed and weighed them, and on such an analysis reached a conclusion as to the wise action to be taken.

That is the story up to the present time. A great deal of information has yet to be secured before any definite conclusion can be reached that the project is capable of successful commercial development. I might mention two or three factors. There is first of all the sands. Drilling is going on, and we propose to carry on that drilling this year under the Department of Mines and Resources, separate wholly from the Abasand company. That drilling is being carried on to determine, first, the amount of overburden on the sands; second, the richness of the sands; third, their quality. Some sands are very coarse; some are fine. As a matter of fact, in a commercial operation the fine sand which may be coated with these oil particles is much more expensive and difficult to treat than is the coarse sand. But the drilling has revealed that frequently when, starting at the top, going down through 40, 50 or 100 feet of overburden, you reach the sands, you may have a layer of coarse sands with oil; then you may have a layer of thin sands. In a good many of the drill holes they have run across layers of sand interspersed with clay seams.

Mr. JOHNSTON (Bow River): That is not the difficulty in their pilot plant now, because they are not even attempting to do that.

Mr. CRERAR: No, but what I am getting at is this, that if you clear off fifty feet of overburden, and you find five feet of sand, and then two feet of clay, and then some lean sand under that, and again below that some coarse sand, you have certain problems in mining the sands and getting them out. I do not know, and as yet, so far as I am aware, no one knows, what effect clay particles in these sands may have on the separation of the oil from the sands. It may not present any problem at all, but that is something which must be and can be worked out in a pilot plant, in the experimental plant which we shall soon have in operation.

Beyond that, there are the tests to be made of whether you can reach the same results as were attained, for instance, by the Universal Oil Products in their laboratory tests in Chicago and in the tests which in a smaller way have been made in our own laboratories in the mines branch. There is the problem of disposing of the overburden. You go out on a level area of sands; you have to scoop off say forty or fifty feet of overburden, where are you going to put it? There is the problem of the disposal of the sands once they are separated from the bitumen in the plant. You

pile them up like tailings at a mine; you must get some process, some way of disposing of them, of getting them out of your way. I would point out that all these items are factors in the costs in the final determination of whether the project can be successfully developed or not.

Mr. JOHNSTON (Bow River): What is the total expenditure by the government up to date?

Mr. CRERAR: I am advised that up to the present time we have advanced about $800,000. In addition there is what is estimated in this vote.

Mr. JOHNSTON (Bow River): Has all the $800,000 been spent?

Mr. CRERAR: No, about $766,000 has been spent to March 31 last. I have no hesitation in asking the committee to support this vote. There may be differences of opinion among hon. members whether we have dealt wisely with the project up to the present time. I have endeavoured to inform the committee of some of the difficulties we encountered. I feel assured that this asset is worth a fair test to determine its commercial possibilities. I repeat that the plant on which we are expending this money and the work which is being done at the present time should be looked upon as experimental. It is test work at a pilot plant. Doubtless when you start operating a plant through which several hundred tons will go every day, changes and improvements will be made. But the end to which we are working is the most complete and economical test which can be made, having in mind the possibility of the development of this area.

Mr. JOHNSTON (Bow River): What check has the minister or his department to ensure that there is no wastage of money at the plant?

Mr. CRERAR: All expenditures must be approved by the director of the mines and geology branch, and he has his technical advisers in the department. Also there is a treasury officer who sees to it that the money is spent in accordance with the purposes for which it is allocated. I think there is a very complete check.

Mr. JOHNSTON (Bow River): What check is there down at the plant?

Mr. CRERAR: The accounts of the plant comprising the operations of the superintendent are audited regularly, and can be checked against the allocations of money.

Mr. JOHNSTON (Bow River): But the government has no superintendent right there to see that moneys are properly spent and the work is properly performed. They just take the estimates sent in by the officials, and they are checked here by the minister's department.

Mr. CRERAR: I omitted to say that when it was decided practically to reconstruct the plant, that job was entrusted to the General Engineering Company of Canada. That company has a long and honourable record and a very wide experience. I believe it is associated with companies of a similar kind in Great Britain. They have built and installed the equipment of many of our successful mines.

Mr. JOHNSTON (Bow River): Are they still in operation there?

Mr. CRERAR: They are supervising the construction. Once the construction is completed their task is finished. We engaged them because of their experience; we believed they would build this plant in accordance with the best principles of successful operations, and do it more economically than anyone else could do.

Mr. JOHNSTON (Bow River): Are they on a contract basis, on a day basis, or on salary?

Mr. CRERAR: I am advised that they are on a contract basis.

Mr. JOHNSTON (Bow River): Every building which they put up is on a contract basis?

Mr. CRERAR: They do it on a management fee basis. We check the costs and pay them a certain management fee. That is the basis on which a great deal of construction work done by the Department of Munitions and Supply for war purposes has been carried on.

Mr. McDONALD (Pontiac): What is the daily capacity of this experimental plant which it is intended to build?

Mr. CRERAR: About 600 tons a day of twenty-four hours' continuous operation.

Mr. MacNICOL: I want to thank the minister for his courtesy to me on Monday evening last when I had to leave the city to give an address on the following day in connection with western matters. It was kind of him, because I did want to have something to say about this vote. I am going to support the vote, not oppose it. Apart from the hon. member for Athabaska (Mr. Dechene), who I am glad to see in his place, I do not know of anyone in this house who has been to Fort McMurray. There may be others but I do not know of them. I have been there on several occasions.

An hon. MEMBER: You are forgetting the member for Bow River (Mr. Johnston).

Mr. MacNICOL: I asked the member for Bow River and he told me he had not been there. If he has been there since then, well and good; he will be able to follow what I am going to say. I do not speak from what I read but from observation.

At the outset I wish to assure the minister that there is nothing personal in any criticism that I offer. I hope he will not take anything personal out of the remarks I make. I think a good deal of the minister and I realize that he has had much to do as Minister of Mines and Resources. If he has not been at Fort McMurray he could not be expected to devote his time to this particular item, out of the thousands of matters to which he has to attend. I know that he has been terrifically busy, and so has the Minister of Munitions and Supply (Mr. Howe).

Mr. CRERAR: I have been at Fort McMurray twice.

Mr. MacNICOL: Was the minister at the plant?

Mr. CRERAR: Yes, once—the original plant?

Mr. MacNICOL: Since 1941?

Mr. CRERAR: No; that was in 1938.

Mr. MacNICOL: They were not in operation in 1938; the plant started in 1941. In any event, I am not rising in any critical spirit. I feel it is my duty to do what I can to bring about the production of oil at Fort McMurray from the Alberta tar sands. If a quantity large enough can be produced to be piped down to Edmonton, as I hope it will be, I am satisfied that that fine city will grow to a quarter of a million within ten or fifteen years. I believe that will be possible if the refineries are built there. Edmonton by pipeline to Fort McMurray would be distant about 250 miles; it is 305 by rail.

This is my objective; my purpose is not to criticize but to offer something constructive. As I say, I am going to support this vote, and I will support any other votes intended to promote the development of the Alberta tar sands. But I ask myself just how many millions have already been expended on the tar sands in one way or another. This is not a matter that affects only the present Minister of Mines and Resources. All the ministers who have gone before him, back to 1913, have been interested in the matter, and the same is true of all parties that have governed the country back to that time. It is not a party question, and what I say is not by way of criticism of the minister or of any of the ministers that have preceded him. Nevertheless, I ask myself how many millions have been spent in one way or another to produce oil at Fort McMurray. I was there on a number of different occasions and I surveyed the situation up and down in every direction. I saw the ruins of one plant on the Christine river and one on the Clearwater river, and the plant, or what it is hoped will be a plant, on the Horse river, and the other plant about forty miles down the river built by the International Bitumen company. All these companies must have spent a great deal of money. How did they come to go there? They went there in consequence of reports sent out for the most part by the Department of Mines and Resources. It was through their engineers that these reports and pamphlets were sent out. I myself became interested through reading a pamphlet written by Doctor S. C. Ells. As far back as 1913, Doctor Ells, who is a capable geologist, was in that part of Alberta, and I presume he went up and down, if not every year, at any rate every other year. He has been in that part of the country for the department and has written many articles which have inspired producers everywhere and encouraged engineers from the remotest parts of the world to visit that area. I am not going to thresh old straw to-day; I am not going to repeat what I have said on former occasions; I wish to put something new on the record. Engineers whose names I have mentioned in previous addresses, men eminent in their profession, agreed with the report sent out by the Department of Mines and Resources, or, as it was formerly known, the Department of the Interior, indicating that there is a very large deposit of oil in these sands.

The American Bureau of Resources at Washington, through their engineers, state that there is five times as much oil contained in the tar sands as that to be found in the whole world. Whether that is so I am not going to argue, but I do know that various reports were sent out on this subject, and looking up some of these reports to-day I came across an article not referred to on a former occasion, written by a gentleman named C. Bruder in the *Nor'West Farmer* in January, 1942. Mr. Bruder heads his article "Oil in the Bank", and he writes:

> There's ten thousand square miles of that up here.

That is, the oil sands.

> Those tar sands contain enough oil to lick Hitler, Japan, and Italy. Enough oil to put diesel power on every western farm and to asphalt all the highways from Halifax to Vancouver.

He says that there is more oil there than in all the proven oil fields of the world,

according to United States engineers' estimates—250 billion barrels, five times the estimated reserves of all the oil fields of the world. It was strong statements such as this, sent out by the department itself, that resulted in the investment of millions in that part of the country. This investment is also in large part the result of investigations carried on ever since 1913. I congratulate all the departments on what they did in the way of investigation, but I am not a bit satisfied with what is being done now, and I shall give my reasons as I go on.

The minister said that $132,000 had been paid to the Consolidated Mining and Smelting company for their investigation. I do not know whether that was in 1942 or 1943—

Mr. CRERAR: Some was in 1942 and some in 1943.

Mr. MacNICOL: That is the total? The Minister of Munitions and Supply said that to the end of last year the amount spent by the Consolidated company was $112,000. Therefore the minister's figures carry over into 1944.

The minister referred to an investigation made in England back in 1922. I know nothing about that investigation, but I did hear that one was made, and I saw a report of an investigation said to have been made some time in the thirties. I have not been able to find out the exact year; whether it was 1934, 1935, or 1936 I do not know. Doctor Ells, testifying before the reconstruction committee on November 30, 1943, stated that it might have been about that time, and that he personally had dispatched two carloads of tar sands to Wales for testing. I spoke to an engineer and the impression I got was that those sands had been sent to Freeman at Cardiff; whether that is true or not I do not know. Freeman, who is a great scientist in this business, is said to have made a test and discovered that out of each ton of tar sands 36·7 gallons of crude oil were produced. Doctor Ells stated to the committee on November 30, 1943, that his memory was that the test, whether Freeman's or some other, cost about $500,000.

Mr. CRERAR: I might tell my hon. friend that it did not cost the government anything more than the cost of transporting the sands to Edmonton.

Mr. MacNICOL: I do not know that the two incidents are the same. Are they the same? Evidently Doctor Ells did not know or had forgotten on November 30 last that the test was made many years prior to 1930, because I stated before the committee that my information was that the sands were sent over in the middle thirties. I was given that information by an engineer, but I cannot recall his name at the moment. However, it is neither here nor there. Doctor Ells' statement was that it had cost $500,000.

Mr. CRERAR: I understand Doctor Ells stated somewhere that the cost to this company in Britain was $500,000.

Mr. MacNICOL: No. I have his statement here. He did not say who paid the money. I got the impressison that it cost the government $500,000. I may be wrong in that. If I am, I am subject to corection. When the Minister of Munitions and Supply was speaking earlier in the year, I believe on March 21, as recorded on page 1728 of *Hansard,* he said that the government, up to that time, had spent $900,000 on the work going on at Fort McMurray. That is probably correct, according to the minister's own figures to-day. Then we have this vote of $500,000, which I am going to support. Therefore in the aggregate many millions of dollars have been spent in connection with the Alberta oil or tar sands, or bitumen sands—they are called all three.

How did the government get into this business? That is the question I ask myself. Then I look back into the records, and what do I find? I find that the minister himself said to-day—and it was quite correct—that the shortage of gasoline and the necessities of the war had encouraged the government to go into the business of producing oil at Fort McMurray. I may say right here that I am wholly opposed to government plants of this nature, for the very good reason that no government plants can be operated as economically as a private plant. It cannot be done, because it just runs itself. There is no necessity for anybody to exert himself to do anything in a government-operated plant. When I hear people talk about industries being operated by the government I think back over my thirty years' experience or more in industry and I feel sorry when I hear such a statement. Here is an example of a government operation that has now cost away beyond anything that it should have for the reasons that are associated with government-operated plants.

How did the government get into the business? Mr. Haanel, testifying before the committee on November 30, 1943, stated that:

> Up to 1930 the rate of discovery of new oilfields was capable of keeping pace with the mounting demand. But since that year has greatly declined. In the United States, for example, the rate of discovery of new oil reserves has for several years been scarcely one-third of the rate of consumption.

If that is a fact it would be one very good reason why it was necessary to produce oil at Fort McMurray. He also stated that in Canada in 1941 we produced 10·1 million barrels of oil and imported 55·4 million barrels, and that Canada imported 87 per cent of her oil requirements. That is a very good reason why Canada should produce oil from every available source. Here was one source; the Alberta oil sands, a very good source from which to produce oil.

I come now to the agreement which was entered into on April 1, 1943. The minister referred to this agreement. The very first paragraph reads as follows:

Whereas the oil controller, Department of Munitions and Supply, has recommended to the government that for the purpose of more effectively prosecuting the war in which His Majesty is presently engaged all possible sources of new oil supplies in Canada should be investigated and put into production if such is found feasible.

There was every reason why the greatest effort should be made to produce oil anywhere, and particularly, because of this vote, at Fort McMurray, as I have always been led to believe it could be produced there. Therefore the government decided to do something. The government did not enter blindly into an agreement with Abasand. Right here I must correct the minister. Before the committee on November 30, one of the officials disputed my assertion, but I am going to state it again bluntly and strongly. The Abasand company with which the government is dealing is not the Abasand company which built the 1942 plant. The government took over the works from the Abasand company, but there is no official belonging to the original Abasand company working there to-day, that I know of. Max Ball, the former manager, is in the United States. The next official is living in Edmonton. A few of the employees may be there. The plant is operated by the government, not by the original Abasand company. So far as I know, the old Abasand have nothing to do with it, and are not responsible for the operation of this new plant.

I said a moment ago that the government did not go blindly into this thing. They appointed the Consolidated Mining and Smelting company to make an investigation. They made an investigation. I was up there in 1942. I met the engineers on the job. I saw them making investigations. The minister gave their recommendations and the results of their investigations. To make it emphatic I am going to cite a few remarks from the report. This is what the report says:

(1) As to the process—

We heard the minister say that some new plant has been erected. I want the facts and figures to prove that; because so far as my photographs go it is the same line of construction as that which preceded it. In any event what did they say about the process? This is what they say:

—we are of the opinion that the process of Abasand Oils Limited for separating the bitumen from the sands is a practical one, which could be used in a large scale plant and which would yield reasonable results.

Could anything be plainer than that? The next clause covers equipment:

The equipment in the Abasand separation plant is largely standard equipment and little difficulty is anticipated in adapting the process to a large scale operation.

We believe that a well designed and equipped plant based on the present process would give satisfactory operation.

To arrange with Abasand to expedite contemplated changes in separation plant and refinery—

That is, the government must arrange for them to do that. As far as I know the Abasand people had planned for everything.

Mr. CRERAR: No.

Mr. MacNICOL: I do not want to contradict the minister, because I like him too much, but I say that just as emphatically as I can. After many years of trial and error and trying to overcome difficulties, I think it is unfair to the Abasand company to refer to the inability of the refinery to take care of what passed through the separation plant. The Abasand company had made plans to increase the refinery capacity to 600 barrels a day, but they could not get the equipment. Frequently Max Ball had to go out and sell his services to other companies in order to obtain money to continue with the construction of the plant. I think the hon. member for Athabaska will agree with that. That is one reason why it took several years to complete the plant. The Abasand company did not have the government chest into which to dig to get funds to build the plant; they had to get the money where they could. I understand they got some through a stock broking firm in Montreal, and Mr. Max Ball himself put money into it. The next paragraph reads:

Organize an engineering staff and prepare preliminary plans of necessary plants.

We consider that the results in the Steep bank area are sufficiently promising for a large development to render unnecesary any consideration of a small plant at Horse creek.

In the face of that recommendation by the Consolidated Mining and Smelting company, what happened? The plant was pulled down. When we had the investigation in the recon-

struction committee on November 30, Mr. Timm stated, I presume in reply to a question by myself:

> Mr. Chairman, the former plant of Abasand was so constructed that when we attempted about a year ago to make a run with that plant, they would run a couple of days and then closed down for changes and then run again for a while, so that we could not get any reliable data from the operation. We had our engineers go up there to try to get some cost data from the plant and it was found that this was the situation so that the government decided that there had to be so many changes made—and besides that the plant was out of balance, the recovery end, that is the separation end, was so much larger than the refinery end, and so forth. They met all kinds of difficulties so they decided to tear out the machinery in the plant and put it together again.

That is where the mistake was made. The Consolidated Mining and Smelting company did not recommend that; they recommended that the plant should be repaired or improved and enlarged. What happened is almost incredible, and I should like to know who is responsible. This was a brand new plant built in 1942. It was well constructed, by men who knew as much as anyone how to extract oil from tar sands.

Mr. ROWE: Who pulled it down?

Mr. MacNICOL: I presume it was done on orders from the department. I have a picture of the plant here. Why was it pulled down? It was pulled down because someone told the men on the job that the plant should be put down in the pit so that they would not have to bring the sand up to the mill. Then after they had started to place the plant down in the sand pit, which is about fifteen to twenty feet deep, someone told them that the Horse river would overflow and drown out the plant. They then proceeded to erect it again and I believe it is now constructed just where it was before. I am not censuring anyone, but someone must be responsible for this needless waste of public money.

This plant had been erected in 1942 and had operated intermittently, as the minister has said. The refinery had been built to take care of from two hundred to three hundred barrels per day, whereas the separation plant could produce four hundred. The refinery could not absorb the full production of the separation plant, and yet in seventy days, according to the statement of the Minister of Munitions and Supply, they produced 11,000 odd barrels of oil. That is a plant that was pulled down and is now being rebuilt.

I am for this vote. I am for anything that will help to rebuild the plant that was destroyed. When I go up there next summer I expect to find exactly the same separator that operated in 1942. I may be wrong and I shall not be able to tell until I get there, but go I will if I can to see what has been done. I am anxious that oil should be obtained from these tar sands to be used in the prosecution of the war. That is why the Consolidated Mining and Smelting company was sent up there to investigate. Since that time we have had two years of war, 1943 and 1944, and up to date not a barrel of oil has been produced.

The old company should have been left in charge, because they were the only ones who knew how to extract oil from these sands. They had discovered how to do this after many years of trial and error and they were doing a pretty good job. According to one report I have, they produced 30,000 barrels of oil in 1941, even with the difficulties they had to overcome, one of which was in connection with mining. I was there when the mining difficulty was overcome.

Mr. ROWE: How much have they produced since?

Mr. MacNICOL: There was nothing produced in 1943 and nothing in 1944. The latest report I have is that they will not be producing anything until next fall.

Mr. ROWE: They may pull it down by that time.

Mr. MacNICOL: That is a very good interjection. So far as I can find out the men on the job there to-day have had nothing whatever to do with the extracting of oil from tar sands. Unless they follow the Abasand procedure they will have to develop their process by trial and error. That is what I expect they will do. I do not want to pass any comments about anyone's ability, but the manager is an oil man from Petrolia, Ontario. We all know how much oil sands there are around Petrolia. There the oil is pumped out of wells. If working there gives a man sufficient experience to operate an oil sands plant, then I might just as well hang out my shingle as a doctor, and I know nothing about medicine.

Coming back to the agreement, which I think is important. The government entered into an agreement, which was not followed by those operating the plant. What was the agreement? It states:

> And whereas the government during the past thirty years has investigated the extent and quality of northern Alberta bituminous (or tar) sand deposits and the most conclusive results to date is that the Horse River reserve, near McMurray, is known to contain substantial

deposits which, because of their grade, location and volume have the most immediate potential importance for petroleum production.

And whereas the contractor has carried on investigations since 1930—

Here again I wish to interject that that is not quite correct. The Abasand company did carry on from 1930, but not the present contractor. The agreement continues:

And whereas the contractor has carried on investigations since 1930 into machinery and processes for mining the Alberta tar sands, extracting the bitumen, and refining petroleum products therefrom.

And whereas the oil controller, Department of Munitions and Supply, and the director of mines and geology branch, Department of Mines and Resources, recognizing the necessity of exploring all possibilities of producing petroleum products greatly needed in this emergency and afterwards, have recommended that a test or pilot plant should be developed for the purpose of proving what can be produced from the Alberta bituminous or tar sands—

Well, Mr. Chairman, if they had only kept on with the plant that was there, they would have got somewhere. And, had a new refinery been put up, or had the present refinery been enlarged, in 1943 and 1944 they would have perhaps produced not less than 50,000 barrels of oil. In contrast to that, we have nothing so far as the production of oil is concerned.

What was the next step? It was to take over the plant. On April 14 the Minister of Munitions and Supply said. "We are simply taking it over." That is not the Abasand company; that is the government. He said:

We are simply taking it over to conduct certain experiments. We hope to recover from paving material produced for the Alaska highway the costs we expend, and the property will not be returned until the money is recovered.

Then, in another place:

We hope to have a small commercial operation as a by-product of the research this summer.

That was last summer, 1943. The minister was optimistic. If only he himself had been able to go there, I venture to say he would have produced oil. Then he said:

We hope to have a small commercial operation, as a by-product of the research this summer, producing bituminous material for the Alaska highway, so that there will be some revenue to offset the expenditure.

Well, there has not been any revenue from oil for the Alaska highway, as everybody knows. I will not say anything about it. Everybody knows what position it is in to-day.

What was this to cost? In his statement the minister said:

Developments within recent weeks, following upon the insistence of the oil controller for constructive plans, have included the proviisonal taking over of the management of Abasand Oils Limited by Mr. Earl Smith, refinery engineer of Canadian Oil Companies Limited, at Petrolia. Mr. Smith, in his first report, estimates that an expenditure of $268,000 will be necessary for repairs, replacements, and remodelling of the present Abasand plant—

I have no doubt that Mr. Smith is qualified, but his programme definitely was not carried out. Instead of that, the plant was torn down, for the reasons I have given, one of which was to erect it in the pit, and afterwards take it out again and put it up at the point from which it should never have been taken.

I now feel it incumbent upon me to say a word about Max Ball. I have not seen nor heard from Max Ball since 1942. I saw him at the plant when I was there making an investigation. I should like to express, as a Canadian, my sorrow at the fact that Max Ball, in some way or other, was forced out of the plant. He is not now there. Had Max Ball been left in charge of the plant, with his staff, there is no reason under the sun why he should not have done as well in 1943 as was done in 1942, and no reason why he should not have done much better in 1944 than was done in 1943. Instead of that we have produced nothing. Most of their difficulties might have been overcome if they had not sent men up who, so far as I can ascertain, had had no experience in connection with taking oil from oil sands. Those men may have had experience in ordinary oil production, but not oil from oil sands. Had they had that experience, this comedy of errors would not have taken place, and all this unnecessary expenditure of money would have been avoided.

And yet I say I am in favour of the vote, because we are into the mess now, and we have to get out of it the best way we can. There is oil there, and if the government has to have another half million or another million, I will support such a vote.

I believe I have recorded everything in connection with oil sands that can be usefully recorded on this occasion. Let me say that I must confess I am deeply disappointed when I think that in 1942 an appeal was made to the house to vote a sum of money for an investigation by the Consolidated Mining and Smelting company, and in 1943 there was an appeal for another sum of money to proceed with the development of oil at Fort McMurray; in 1944 again we have set out another sum of money—and still we are producing nothing. Somebody is responsible for that. I do not blame the minister one iota, but I would like to see a parliamentary committee set up with power to subpoena witnesses. Let us bring here before a parliamentary committee everyone we can bring who

can give us any advice as to how to produce oil at Fort McMurray. I would like to see Max Ball subpoenaed before such a committee, I would like to hear the evidence of his different foremen, whoever they may be. I would like an investigation made into why the agreement was not carried out. What business did anyone have to alter an agreement which had been made by the Minister of Mines and Resources, and under which it was understood that oil would be produced, at an expense of $268,000? Who has been responsible for altering this whole business—this comedy of errors, tearing the plant down, starting to put it into a pit, taking it out of the pit, and putting it back where it was before?

The minister referred to the moving of the tanks. That may have been necessary. But so far as the building of a townsite was concerned—no, it was not necessary. The agreement in the first place was to make that plant a pilot plant. Max Ball had about 54 men working at the plant. In January last I am told there were more than 90 men working there. The latest report I have is that there are 159. If we had given Max Ball this amount, or if the country had said to Max Ball, "Here is a half million dollars" the country would have been a million dollars in, and would have had another 50,000 barrels of oil.

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

Mr. MacNICOL: Not until I finish, if the hon. member does not mind. I should like to know why competent men were displaced. I have letters from men who work in the plant. I shall not read their letters, but they say what has been going on. I should like to know why the separation plant was torn down. There must have been some gross incompetence there. Who was responsible for starting to put that plant down into the pit.

Mr. ROWE: The Minister of Munitions and Supply said he wanted to experiment.

Mr. MacNICOL: No, I do not think the Minister of Munitions and Supply did it, and I do not think the Minister of Mines and Resources deserves criticism on that point either. Somebody was responsible for tearing that plant down. I saw it working myself. As I said, in 1942 it turned out intermittently, 11,000 barrels in 70 days. Surely our duty was first to produce oil. It was to get a pilot plant in operation, and to ascertain whether the recommendations that were made were satisfactory. Who gave instructions to build the townsite? It was all right, after the townsite was built, to bring in water from the Athabaska river. But we should know what we are doing. The minister will recall that when the piping was put in the trench, the welding was not done properly, and after the water was run in the trench had to be opened up again and the pipes taken out. The equipment that dug the trench in the first place had in the meantime been sent back to Edmonton. What a comedy of errors and incompetence! Somebody is responsible for such a waste of public money.

I should like to know why, instead of monkeying—that is a good word—with the separation plant which the Consolidated Mining and Smelting company had pronounced very good, and the minister said had been working fairly steadily, a larger refinery was not built. They knew that the refinery was too small. Max Ball was going to put up a larger refinery. If they had put up a larger refinery there would have been some reason for that. Lastly, I should like to know, after the Department of Mines and Resources had set out in the first place to produce oil because of the necessities of war, who was responsible for the non-production of oil at Fort McMurray. The minister said to-day that some inquiry had been made from so-and-so, in order that we might carry on the production of oil there in the winter time. No one has produced oil from the sands there in winter time. Have the men who are directing the work that is going on in that plant produced oil from tar sands in winter? No, they have not. How are they to know that the plant can produce oil in winter? They do not know. They should have left that separation plant alone. It was working very satisfactorily. They were getting the oil out of the sands, and the refinery should have been enlarged. I believe they had a programme for taking out the sulphur that was in the oil. I have found that the oil produced at that plant was fine oil. I have talked to the engineers at Box on lake Athabaska, and to the engineers at Yellowknife, and they told me it was first-class oil. Abasand produced all the gasoline they needed for the operation of their trucks and for their boats that went up and down the river. The plant was not in such a mess as some would lead us to believe. I should like to see a committee of this house inquire into this question, where we could examine the men who know about oil sands, not men who do not know, how to extract oil from the sands; and then after that, let the

minister, if he desires, bring in an estimate for five million dollars or ten million dollars to support a plant to produce 30,000 barrels of oil a day. That would be a commercial plant which would be able to supply a refinery at Edmonton with oil required to make gasoline for farmers on the prairies.

Mr. CRERAR: Perhaps I might be permitted to give some information on some of the points my hon. friend has raised in his speech.

He inquired as to the total amount of money that had been spent over the years in an effort to develop these sands commercially. I do not know what has been spent by private companies, but government expenditures up to 1932 amounted to a total of $105,000. That was spent largely in surveys and in putting in a few test pits and that sort of thing. The amount spent under the arrangement made between the Department of Munitions and Supply and Consolidated Mining and Smelting company for the purposes I indicated a short time ago was $132,000. The amount that has been advanced to the Abasand company since the agreement was made between them and the government was $850,000, and of that I understand the Abasand company has expended $766,000.

My hon. friend rather criticized the administration for going into this thing, and stated that he was opposed to government operation. I wholly agree; I do not think that government can operate a business of this kind—

Mr. ROWE: There has not been much oil come out since you went in.

Mr. CRERAR: That is very true. I do not believe that government can operate a business of this kind as efficiently as private enterprise. The reason why the government made the arrangement with the Consolidated Mining and Smelting company has been stated at various times. It was embodied in the various orders in council that have been tabled. The arrangement was made because oil was needed for war purposes. That was the sole reason. Oil was desperately needed wherever it could be found. There may be a difference of opinion on the government's part in these operations. It may be said, perhaps with some force, that there was insufficient knowledge of the possibilities of getting oil out of these sands, that the time that would elapse before oil could be secured was too long to warrant the government going into it. That is a matter of opinion, and there will be a final judgment of history upon that question.

Mr. GRAYDON: That is a long time to wait.

Mr. CRERAR: We are getting the judgment of the hon. member for Davenport to-day.

Mr. GRAYDON: He said it was monkey business.

Mr. CRERAR: Does my hon. friend agree with him?

Mr. GRAYDON: I do not know. I am trying to find out who is right, and up to the present I think he is.

Mr. CRERAR: Well, I hope to add to my hon. friend's knowledge of the matter.

Mr. GRAYDON: Thank you.

Mr. CRERAR: The utmost that the Abasand company produced in 1942 was not 30,000 barrels, as the hon. member for Davenport stated, but under 10,000 barrels, according to the actual data supplied to the Department of Mines and Resources.

My hon. friend also criticized the administration on the ground that we had dispensed with competent men who were in the employ of the Abasand company giving direction to the enterprise. I have to differ directly with my hon. friend on that point. I have met Mr. Max Ball. He was an oil geologist, with a considerable reputation. But he was not an engineer. He had never had experience in designing plants, and I think that if Mr. Ball and those associated with him had got some practical men in 1935, when they went into this thing, they would have met with a great deal more success.

At this point I wish to read—and to avoid misunderstanding let me state that this is only an extract—a portion of a letter which was written by J. M. McClave to Doctor Ells about the middle of February this year. I have not the complete letter here, but the extracts bear on this particular matter, and if I may read them without being asked a moment later to table the letter I should like to do so. Mr. McClave is an oil engineer of considerable experience and reputation. He worked out what was known as the McClave process in connection with these tar sands, and the method which was being used by the Abasand company was based. I am informed, both on the experimental work done by the university of Alberta and the work done by Mr. McClave. He was associated in some capacity with the Abasand company.

Mr. MacNICOL: They were using his equipment for separating the oil from the sand after it passed through the separation or emulsion tank.

Mr. CRERAR: I believe that is correct. In any event, Mr. McClave was at Waterways—

Mr. MacNICOL: I met him there.

Mr. CRERAR: —last year, I think. He writes:

In my last letter before leaving camp—

That is, Waterways.

—I gave you some news about the completion of the bunkhouse and the work on the new office building. Before leaving camp November 15, 1943, they had the foundation in for the new machine shop and garage, which is located between the warehouse and the laboratory. The location of the new separating plant is on the other side of the warehouse. I did not see Paul Schmidt before leaving camp, but knew of his caustic reactions about the new construction work.

I know about how much work had to be done this winter before the wheels began to turn, viz., the machine shop had to be finished, the separating plant completed and machinery installed. The boiler house building had not been started, engine and electric power units had to be installed. Then the many details of assembly of machinery and apparatus had to be in place before starting operations. With a mild open winter this work should be completed this spring.

As I indicated this afternoon, there were delays in getting the work pushed forward rapidly because of labour problems and priority problems regarding materials.

What I would like to get over to you is that this is an engineering job and has no relation or comparison to Fitzsimmons' makeshift plant.

That is the plant further down the river.

I know when this plant is completed, we can operate twenty-four hours per day, every day.

I would like the hon. member for Davenport to note that.

Mr. MacNICOL: Did he say, "in the year"?

Mr. CRERAR: No, he says "every day". I shall have a word to say about that in a moment. I want the hon. member for Davenport to note this, because I think that Mr. McClave is an engineer of standing.

Mr. MacNICOL: I know him very well.

Mr. CRERAR: Well, this is what he says:

When the General Construction Company—

He means, the General Engineering company.

—took over the first of last October all we had was a junk pile and the jig-saw puzzle of putting this junk back into a working condition is no easy job.

Mr. MacNICOL: It is certainly a reflection on whoever ordered it torn down.

Mr. CRERAR: That was Mr. McClave's opinion about it.

In regard to the new water line from the Athabaska river this was Mr. Nielsen's job and as he had been in the oil business and was familiar with oil pipelines, I thought he had the know how for installing a mile of six-inch water line and I did not pay any attention to the work. I believe the General Construction Company have outlined a practical plan for the development of a large pilot plant and this is no time to jump on them as they are not encumbered with a magic carpet or Aladdin's lamp to guide them in their work.

You ask, "What is the matter, anyway?" The construction and operation prior to the fire in November, 1941, and the redesigning after the fire was about the extreme limit of poor design for practical operation of a separating plant. In 1940 I prepared a complete working flow sheet of a separating plant. These drawings were never used. At first, Mr. Sage, construction engineer, said he had never received the drawings. Later, I found the flow sheet plans among his other drawings. Then he stated that my plan was impractical, and from that time on I was not responsible for what happened during the next two years.

But after all, I cannot blame Mr. Sage and Mr. Byrum, as they were oil men and never had any experience in ore dressing mills. Now the engineers in charge of reconstruction have had experience in designing and operating ore dressing plants, and this is what we should have had in the beginning of construction instead of refinery engineers who had never been in an ore dressing mill.

I mention this because I do not know anything personally about these matters; all I can do is to take the advice of men who should know, who are practical men.

Mr. GRAYDON: There is one over on this side.

Mr. CRERAR: I think it is not too much to say that the mistakes in designing both the plant subsequent to 1935 and the one that followed the fire lay in the fact that the designing was done largely by oil geologists and not by practical engineering people. That is why, when this arrangement was made and we were putting government money into the development of a testing plant, we wanted to get the very best technical assistance we could find, and I have no hesitation in saying that in my judmment the General Engineering company are unsurpassed in their knowledge and ability to do that kind of work.

My hon. friend made some criticism of the town site. I do not wish to add to what I said previously about that. You must provide the necessary staff—there is a considerable operating personnel in both the plant and the office work—at a place like McMurray with decent quarters in which to live. They may call it a town site or a city site or a village site. What was aimed at was the provision of accommodation which was designed and built to meet reasonable needs.

My hon. friend had a comment to make about wintertime production. I rather differ

from him there; I think it is very important to ascertain whether or not operations can be conducted in winter weather at that plant.

Mr. MacNICOL: Of course I agree, but I say it had not been done.

Mr. CRERAR: It was not done in the past, but in the new set-up it is intended to carry on these duties throughout the year. The margin for profitable operation in any event will, I think, be very, very small, even if all the difficulties are overcome. It is quite possible that if you get large-scale operations, day and night, 365 days in the year, the overhead expense can be cut to the point where it can be made a commercial proposition.

Therefore the expenditure in this plant is designed to provide that test. Whether it will, I cannot say, but I can assure the members of the committee and the hon. member for Davenport, for whom I have the highest respect, because he is one member of the House of Commons who has endeavoured to inform himself on these matters, that what we aim at is to get the most complete test we can, since it is only on that basis of known facts that commercial operation for the future is possible.

Mr. MacNICOL: May I make one correction in regard to the amount of oil produced in 1941? I find that everyone has different figures. It is so hard to get figures that fit in with other estimates. Doctor Ells knows all about Abasand; he knows what is produced there and in the June, 1942, issue of the *Canadian Geographical Journal* he states:

> Nevertheless, production during the period May 19–September 30, 1941, amounted to approximately 17,000 barrels of crude.

I had said 30,000 barrels because my recollection was that was the figure sent to me by the Abasand company. Doctor Ells states it is 17,000 and now the minister quotes a figure a few thousand less. That is our trouble. We never get correct figures that agree. As regards the McClave system, I thoroughly understand it. It was in operation in 1941 and 1942 in both plants. I did not see any difference as between 1941 and 1942. It works very simply. It is a system such as you would see in a gold mining plant. It has a flotation tank. It takes the emulsion of hot water and oil that flows out of the large revolving tank in which the sand is placed first, and when it flows out of the separation tank it goes into the McClave stationary flotation tank in which the sand in time goes to the bottom and at the top the oil is fluffed off from one corner into the sedimentation tanks. Shortly after, it receives a dilutent and then it goes from the sedimentation tank to the refinery. The trouble at the Abasand plant was that the refinery was too small for the amount of oil produced. What amazes me is that the separation plant was pulled down. It was equipped with McClave's own apparatus. I may observe in passing that the last time I was there McClave slept, not in the same bed but in the same room with me. I found him a very capable man. What I want to know is whether the new plant will have the McClave process installed and the same revolving emulsion tank?

Mr. CRERAR: We do not differ on the process. The difficulty was not in the process of treatment. There is no criticism of the Abasand company's process in their operations in 1941 and 1942. It was rather in connection with the lay-out of their plant, the general design of it and the construction, which was not such as to give the most effective and economical operation. I may tell the hon. member that this data I have is taken from the reports of the Abasand company, and in 1941 the total virgin crude produced, namely, the bitumen as it comes from the sands, was 20,282 barrels.

Mr. MacNICOL: I thought the minister said a few moments ago 11,000.

Mr. CRERAR: No; I was speaking of 1942. This is 1941. In 1941 the total virgin crude produced was 20,282 barrels.

Mr. MacNICOL: In 1941?

Mr. CRERAR: Yes. In 1942, after they had the new plant going, it was 9,958 barrels.

Mr. MacNICOL: I total the figures in the report as about 11,000 barrels.

Mr. CRERAR: I do not know that it is of a great deal of importance. This is contained—

Mr. MacNICOL: In a report.

Mr. CRERAR: Yes. The information is contained in the report made by the Consolidated Mining and Smelting Company of Canada, which was tabled in the house.

Mr. ROWE: How much was produced in 1943?

Mr. CRERAR: They were not operating in 1943.

Mr. ROWE: It is getting less every year.

Mr. CRERAR: The revamping of the plant was taking place and that is going on now. The plant will come into operation again this year and we hope there will be continuous operation throughout the winter season.

Mr. DECHENE: I am sure the committee will agree with me when I say that I have not wasted the time of parliament during the

present session. I have been impressed at all times, in taking that attitude, by the necessity of going ahead with the work of the house. I have been impressed with the terrific situation that exists overseas. I have been impressed by what has appeared to me to be the interminable delay occasioned by members in carrying on the work necessary for the war purposes of the country. Indeed, we are still trying to pass estimates relating to the war, and as I speak this afternoon I am quite conscious of the importance of getting on with the business of the house, and I would not speak but for the fact that these sands which we are at present discussing are right in the riding of Athabaska.

I will not say that it was an error, but I will say that through some unfortunate occurrence when the question was before the house a few weeks ago, I was not permitted to speak while those who knew less about the matter were allowed all the time they wanted. I am impressed with the fact that right now your boy, Mr. Chairman, and mine are up in the air over Germany possibly, risking their lives, that your boy and mine, perhaps, are in Italy gloriously carrying the arms of Canada in the first big victory in which our forces have been engaged in this war. I am struck with the fact that there are members of the house who are spending day after day, week after week, in criticism, some of it very unfair and unjust, to my mind, taking up time with repetitions, day after day, week after week, when we know how much these debates cost.

When we remember, Mr. Chairman, that these debates cost from $1,200 to $1,500 an hour—these are the figures put on the record by Mr. R. B. Bennett himself some years ago—and when we remember that all over the world millions of men and women are in want, some of them starving, walking skeletons, we have seen pictures from Greece, Serbia, France, et cetera, and realize that in Canada we have been spared anything of that kind—foods of all kind are more than plentiful. Everything is plentiful. We are living on the fat of the land, to use an expression that is commonly heard in the street. When we remember all these things and find some hon. members carrying on carping criticism of things that are most difficult to do as, for instance, the successful development of the tar sands at McMurray, it makes one wonder. Apparently the hon. member for Bow River has forgotten about the mines in his own constituency being idle.

Mr. JOHNSTON (Bow River): No, he did not; he brought the question up here.

Mr. DECHENE: He talks about something about which he knows nothing.

[Mr. Dechene.]

Mr. JOHNSTON (Bow River): The hon. member is doing that right now.

Mr. DECHENE: The hon. member is a champion in this house. He is a champion of some kind. He can talk more often, more fluently and longer of things about which he knows nothing than any other hon. member. I do not make a practice of doing that. The hon. member for Davenport knows something about the difficulties of the situation. They were explained by the Minister of Mines and Resources. I believe he is able to handle the situation without my help, but I wish to remind the hon. member for Davenport that at Fort McMurray we have a proposition that is entirely new in Canada. Geologists and other men who have knowledge of the oil game as it is practised on the north American continent, taking the crude oil out of the ground as it is done in Turner valley, for example, refining it by cracking and other methods and putting it into use, know the situation up there is different. That is the oil game as we have known it; but at Fort McMurray it is a mining proposition, and a most difficult one. The engineers who are hired and who know all about oil find that they do not know much about the other process. That has been a part of our difficulty. It is a most difficult thing to work.

I may tell the committee that I, for one, have been interested in these oil sands for many years. As I said in this house a couple of years ago, some of us invested and lost our money in that country to try to develop the sands many years ago. We are not criticizing anyone. We tried to get those vast resources into production.

At this time the war has come to the rescue of this oil field and we are getting the same field proved for the people of Canada. I deprecate the attitude of people in public life whose criticism is unfair and unjust and which may retard the successful operation of that field. Not so long ago we had the spectacle of a minister of the crown of Alberta moving, on the floor of the legislature of that province, a resolution couched in language that no public man to my knowledge has ever used before in addressing another house. I sat in the Alberta legislature for many years. I sat there during the depression. I know how severe conditions were and how often our tempers were tried. But never for a moment would we have moved a resolution in the language of the livery barn or the words of a bushwhacker to be sent to the parliament of Canada in order to suggest something—

Mr. CASTLEDEN: You ought to come to Saskatchewan.

Mr. DECHENE: This was done by a minister of the crown of Alberta. The other day in speaking to the question the hon. member for Davenport said that some friend in Edmonton had sent him a copy of the Edmonton *Journal* and he saw the resolution and the arguments put forward on this question by the minister of public works of Alberta. The hon. member for Davenport said, according to *Hansard*, that he thought this gentleman was responsible and conscientious. Well, his definition of a gentleman is not the same as mine apparently. I shall read what the minister of public works of Alberta said:

> Shortly after the dominion government took control of the property strange things began to happen. Out of the north came an endless procession of weird, incredulous stories of criminal incompetence and scandalous waste of public funds and charges of sabotage were heard on every hand.

Mark the language used by a minister of the crown of Alberta. Then he goes on to say:

> . . . some time after the survey party which was sent to McMurray to investigate the oil sands, a prominent Edmonton citizen came to his office and told him that the men in charge of the party were in his room in a city hotel the previous night. He said they proceeded to get very drunk and openly bragged that they had been sent here by the dominion government to bring in an unfavourable report in connection with the development of the oil sands.

This is the language used by a man whom the hon. member for Davenport says he believes is a conscientious gentleman. Can any reasonable man conceive anything of the kind? Could any reasonable man say that a minister of the crown of Alberta was justified in stating that he got his information from a lot of drunken men?

Mr. JOHNSTON (Bow River): He did not say that.

Mr. DECHENE: He said they gave him the information that they had been sent here by the dominion government to make an unfavourable report. If that were the case it was the duty of the minister of the crown of Alberta to report the matter immediately to the Minister of Mines and Resources and the Minister of Munitions and Supply. As a public man it was his bounden duty to do that, to report such an unusual procedure and a waste of money.

Mr. JOHNSTON (Bow River): He is asking for a royal commission to investigate the whole matter. That is exactly what he is doing.

Mr. DECHENE: If the hon. member would sometimes keep his mouth shut and open his ears he might learn something. If he had a head on his shoulders for some other purpose than for keeping his necktie from falling off he might learn something, and he might concern himself with—

Mr. JOHNSTON (Bow River): The hon. member was talking about a minister of the crown and ought to be more careful.

Mr. DECHENE: I am speaking about a particular matter concerning my own constituency.

Mr. JOHNSTON (Bow River): This is the first time you have done it.

Mr. DECHENE: I have never interrupted the hon. gentleman. I have sometimes wondered about the things he has said, but I have left him severely alone in the hope that some day he might tumble to himself, open his ears and learn something.

McMurray is not the only region. From Waterways and McMurray and along to Clearwater and down to Fort McKay is the region where these oil sands are found in large quantities, but it is the portal or entrance to the great north lands where such vast minerals are available. Day after day in the house and in committees we are talking about our men in the forces. I know our minds at this time are taken up, and rightly so, with what we can do for those boys on their return. I have always said that there is a place for a lot of them in the north. These young men have had an experience far greater than others. These young men have been thoroughly trained. After they come back we are prepared to train them further to take their part in the development of this country. Northern Alberta and the Northwest Territories, north of Edmonton, is the place that could take care of thousands of them. Everything is there. If hon. members have travelled, as has the hon. member for Davenport, to places like Pittsburgh in Pennsylvania, they will have seen the three elements which have made it possible for one of the greatest developments of the world to take place there. They have coal, oil and power.

Mr. MacNICOL: And limestone.

Mr. DECHENE: At McMurray we have oil. It is there, and it can be developed if we try to help, rather than hinder; if we do not sabotage the effort by unfair criticism. I believe that some day they will find a proper method of extracting the oil, gas, bitumen and other materials from the vast tar sands deposits in that area.

At Waterways there is a modern salt factory which produces some of the finest salt to be found in this country. They turn out table

salt as well as salt for stock and other purposes. But they are held down in their efforts because of the high freight rates they must pay. There used to be only one train a week until they increased it to two or three last year when the Canol pipeline at Fort Norman was being constructed.

I think I would be in order to urge upon the federal government the construction of a highway from Edmonton to Fort McMurray. I do not think we shall get this from the provincial government. The paving materials are available right there and construction could be started at both ends. There is no doubt about the value of this paving material because it has been proved. Some pavement was laid in Edmonton twenty-five or thirty years ago, and it is still just as good as pavements made from other materials imported into the country. Such a highway would not only help to develop these oil resources, but open up many thousands of acres of new land. Fleets of trucks could be used to carry materials for the refinery and so on and bring back the finished products to Edmonton.

Such a highway would go west of Lac la Biche and, as I say, it would open up thousands of acres of the very best land. When the Alberta and Great Waterways railway, now part of the Northern Alberta railway system which is now operated jointly by the two great railway companies, was first built it went around the east end of Lac la Biche even though one of the original surveys was to the west. To the west of that lake and along the Athabaska river to Fort McMurray is to be found some of the very best land in the country. The country through which the railway now travels provides little traffic and the result is that the railroad must obtain its revenues from through traffic. The rates charged are adjusted to take care of from 150 to 200 miles of country from which little local revenue is obtained. These rates are too high to permit the successful operation of a plant on a large scale at Fort McMurray or Waterways.

The building of this highway would make this possible. The building of such a highway should form part of any effort by the federal government to develop these tar sands. We are being asked to vote $150,000 and $650,000, and I think I am justified in suggesting that some money should be devoted to the construction of this highway as part of our war effort and for post-war use. It would open up considerable new land and would help in developing the tar sands area at Fort McMurray and Waterways.

I think it was in 1906 or 1907 when I first visited this region. I went down the Athabaska river for about a hundred miles and reached the Pelican rapids. These rapids would provide considerable water power and there is also a tremendous supply of gas in this area. Then you continue down the Athabaska to Ells river—this is named after Doctor Ells—and Fort McKay. A few miles farther down you reach a point where the waters of the Athabaska river and the Peace river and all their tributaries pour through a great funnel. A vast amount of water power is available here. The flow is so great that even with the extreme temperatures of the far north these rapids never freeze.

I am not an engineer and I think one of the troubles faced by the hon. member for Davenport and myself is on account of our inability to understand their reports or why they do certain things. It is like a doctor's diagnosis. One doctor will diagnose a certain disease, another diagnoses another disease; they finally operate; the patient dies, and the operation is declared to be a success. That is according to what we read about it. That is just said in passing. I am not going to enter the field of criticism which has been entered upon by the hon. member for Davenport.

I do not believe that any engineer, whether he is working for a company or for a government, will not fulfil his duties properly according to his knowledge and his lights. I have been acquainted with many engineers, and I believe they are just as proud of their work, their honesty and their integrity as are members of any other profession. That is part of their training. The hon. member for Davenport has referred to the trouble that took place, but I am convinced that the plant operated by Max Ball was not good enough to enable the government—

Mr. MacNICOL: They are not changing the separation plant.

Mr. DECHENE: It was not good enough to warrant the government expending a large amount of money in an attempt to make thorough tests of the possibilities of the tar sands of the Fort McMurray area. In order not to spend money foolishly; in order that money would not be spent without results, the government decided to follow the engineers reports—these men were members of a well-known engineering firm—and construct a modern plant which would assure that a full and final trial of the possibilities of the tar sands would be made. We would then know whether we would be justified in going on.

I know the oil is there because I have seen some of the gasoline produced by Max Ball. It can be done; but whether it can be done commercially, whether it can compete in western Canada with gasoline produced in other fields, is another question. It is sometimes

harmful for a man to attempt to debate a proposition of this kind without being fully informed. In the discussion which took place the other day the hon. member for Bow River stated that to his knowledge $500,000, which is a vast sum of money, had been spent to send two carloads of tar sands to England.

Mr. JOHNSTON (Bow River): Where is that? I have *Hansard* right here.

Mr. DECHENE: If the hon. member will wait to make his own speech perhaps we shall get along better.

Mr. JOHNSTON (Bow River): I am just trying to check in order to keep the hon. member to the truth.

Mr. DECHENE: I quote from page 1732 of *Hansard* of March 21:

In the course of my remarks I said that on one occasion the research department had spent $500,000.

Mr. JOHNSTON (Bow River): Who said that? Doctor Ells?

Mr. DECHENE: It continues:

I should like to read a little of the evidence to show what a disgraceful performance the whole thing has been. Mr. Ells appeared as a witness before the reconstruction and reestablishment committee. . . . He was asked this question . . . he does not know for sure—

Mr. JOHNSTON (Bow River): Yes, he does.

Mr. DECHENE: He said, "I have heard of it." I am quoting from *Hansard,* and it says:

That is a vague recollection. Mind you, two carloads of Athabaska tar sands were sent clear to England—

Mr. JOHNSTON (Bow River): Do you deny that?

Mr. DECHENE:

—at an expense of $500,000—

Mr. JOHNSTON (Bow River): Do you deny that?

Mr. DECHENE:

—and Mr. Ells, who was giving evidence said: "I have heard of it but I think the results have not been given out."

No such thing was ever done.

Mr. JOHNSTON (Bow River): You are entirely wrong.

Mr. DECHENE: Two carloads of tar sands were sent to England by a private individual, General Lindsay. I know him myself. All that the Department of Mines and Resources —at that time the Department of the Interior—had to do with it was that they took the tar sands from McMurray to Edmonton. General Lindsay paid all expenses from there to Europe. Not one dollar was spent by the government of Canada. No part of $500,000, or any other amount of money, was spent by the government of Canada to send sand across the sea.

Mr. JOHNSTON (Bow River): You are entirely wrong.

Mr. DECHENE: The hon. member should know it, but he does not even understand it yet. I despair of making him understand anything; only I know he put on the record and stated something that is absolutely untrue.

Mr. JOHNSTON (Bow River): On a point of order, the hon. member has said that I made a statement which was absolutely untrue. I demand that that be retracted; because the evidence from Doctor Ells, when he spoke before the committee on reconstruction, indicates the truth of what I said, and it is recorded at page 965 of the proceedings. I shall read it, if you wish.

Mr. DECHENE: I have the floor.

Mr. JOHNSTON (Bow River): I wish to put the statement correctly on *Hansard.*

Mr. DECHENE: I have the floor, Mr. Chairman.

Mr. JOHNSTON (Bow River): No, not now; sit down.

The ACTING CHAIRMAN (Mr. Golding): The hon. member for Bow River may make notes, and speak later.

Mr. JOHNSTON (Bow River): No; this is a very serious matter. The hon. member has said that I made a statement which was absolutely false. I ask him to withdraw it, because I have the record right here in my hand. The hon. member is saying something which is not correct.

The ACTING CHAIRMAN (Mr. Golding): The hon. member did not make that statement deliberately.

Mr. JOHNSTON (Bow River): I ask for a ruling on the point of order.

Mr. DECHENE: I gave my proof. I will give the hon. member proof of what he said, and he can ask for a ruling, because—

Mr. JOHNSTON (Bow River): The hon. member said something that is not true. I am speaking to a point of order, and I am asking him to withdraw.

Mr. DECHENE: I am not withdrawing that remark, because it is true. Here is the proof in *Hansard.*

The ACTING CHAIRMAN (Mr. Golding): When an hon. member makes a statement, and another hon. member makes the accusation that the statement is absolutely untrue, in the opinion of that hon. member that may be so.

Mr. JOHNSTON (Bow River): But that is not what he said.

The ACTING CHAIRMAN (Mr. Golding): When an hon. member says that another hon. member deliberately makes a misstatement, that is different.

Mr. JOHNSTON (Bow River): That is the accusation he made, that I had made a statement which was absolutely untrue. However, if he is not gentleman enough to retract, let it go.

Mr. DECHENE: Mr. Chairman, here is the report of what happened in the House of Commons, as it is reported at page 2590 of *Hansard* for May 4. On this page we find questions asked by the hon. member, himself. They are as follows:

Mr. Johnston (Bow River):

1. Was a quantity of Alberta tar sands sent to England?
2. If so, for what purpose?
3. In what year was it sent, and what quantity?
4. Who was the sender?
5. What was the total cost to the government of Canada?
6. What report, if any, was received by the government?

The answers on the same page are as follows:

Mr. Crerar: I have the answer to this question, but perhaps a word of explanation would be in order. At the time the shipment of tar sands was sent to England there were two departments of government dealing with it. They are now combined with the Department of Mines and Resources. There was considerable correspondence at the time, which has not been included in the answer to the questions, but certain reports that were made by officers of the department have been included. I may say there was no expense to the government in connection with the shipment of tar sands. I think the information that is relevant to the question is all here.

Department of Mines and Resources (from the standpoint of the Department of the Interior):

1. Yes.
2. Experimental purposes.
3. 1920 and 1922—21·2 tons in 1920; 20 tons in 1922.
4. General W. B. Lindsay.
5. All expenses in connection with shipments of this material from Edmonton to England were borne by General Lindsay.

Mr. JOHNSTON (Bow River): That is all right. Now look at page 2665. That was only part of the answer. That was the answer from the former Department of the Interior. Tell us the rest of it.

The ACTING CHAIRMAN (Mr. Golding): The hon. member for Bow River cannot interrupt unless the hon. member who has the floor consents.

Mr. JOHNSTON (Bow River): I want to keep him on the right road, though.

The ACTING CHAIRMAN (Mr. Golding): I have now before me a citation with respect to the point of order which has been raised. This is what I find at page 775 of Beauchesne's Third Edition:

> February 18, 1915.
>
> The Honourable Thomas Simpson Sproule, Speaker. It is not unparliamentary to say that a statement is untrue.
>
> Mr. Speaker explained to the house on the 18th February, 1915, that the ruling which he had given on the 16th instant in connection with a statement of the hon. the Minister of Justice, was not that "it was unparliamentary to say of a member's statement that it was untrue", but that "it was unparliamentary to say that it was untrue to the knowledge of the member making the remarks."
>
> Journals, House of Commons, 1915, vol. 51, page 57.

Mr. DECHENE: The other part of the question put on the order paper by the hon. member was replied to, as he said, by the Department of the Interior. The answer to the first question was yes. The answer to No. 2 notes where the tar sands were sent, and the answers to questions Nos. 3, 4 and 5 set out the cost. There is no record of any charge in connection with any shipment being delivered to the Department of Mines and Resources. That is clear enough.

Mr. JOHNSTON (Bow River): The minister will not say that, though.

Mr. DECHENE: Not one dollar.

Mr. JOHNSTON (Bow River): You will not find the minister saying that.

Mr. CRERAR: If I understand correctly, the hon. member for Bow River has challenged the hon. member for Athabaska with respect to the shipment of sand to Great Britain.

Mr. JOHNSTON (Bow River): I was not challenging him at all.

Mr. DECHENE: What were you doing, then?

Mr. CRERAR: I missed what was being said, but the facts are that the dominion government bore the expense of taking the sand to Edmonton, and from that time on there was no further expense.

Mr. JOHNSTON (Bow River): But that cost alone was over $850.

Mr. GRAYDON: Let the hon. member for Athabaska finish.

Mr. DECHENE: I regret that this has arisen. This matter had to be checked up. When a man says on the floor of the House of Commons that $500,000 was spent, as it appears at page 1733 of *Hansard*—"Two carloads of Athabaska tar sands were sent clear to England at an expense of $500,000"—

Mr. JOHNSTON (Bow River): That is correct.

Mr. DECHENE: And when he says that Mr. Ells, who was giving evidence, says he does now know anything about it, I want to check it up, because that is absolutely untrue.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. DECHENE: Mr. Chairman, I am sorry I was unable to complete my remarks before six o'clock. I have in mind the great possibilities of the development which we are now discussing. I have briefly touched on the great resources of that far north country, not only the tar sands we are now discussing but its water powers and its great salt mines, et cetera. Its waterways are the portals to this tremendously rich north country, which some day will be the richest part of Canada. I can envision the building of a great city at the junction of those rivers, the Athabaska and the Clearwater. The old timers, the Hudson Bay travellers, used to call it the Hudson Bay portage. That was a hundred years ago or more.

If I became a little heated this afternoon it was because I feel so keenly about that great north country. I have seen it as a little fellow; I have lived in it since I was a young boy, and I hate to see it discredited and criticized. I am getting to be an old man, but I hope to live long enough yet to see a big city rise at the junction of those two great rivers, the Athabaska and the Clearwater. If I criticized a member of another legislature this afternoon, a minister of the crown, which may have appeared to you, Mr. Chairman, perhaps a little uncalled for—but I have his own words which appeared in the press—it is because of this fact. He poses as a brave man who criticizes this government so bitterly. He was elected in his own riding in 1935 through a fluke, in the catastrophe of 1935. Then in 1940 he was not so good, but got elected, and now he knows he cannot be elected from that same riding again. This man who puts all these statements in the press, which now appear in our own *Hansard* because they have been transmitted here by some of the members from Alberta, is now running in a northern riding where he thinks he, as provincial minister of public works, may have some influence against the soldier candidate. This soldier candidate has served overseas since 1939 and is now in Sicily or elsewhere overseas, where unfortunately most of us are too old to go to serve. This great big man, this minister of public works of Alberta, this brave man who uses the press and information given him by a lot of drunken men in the hotel at Edmonton, now quits the riding where he knows he cannot be elected and is a candidate in Grouard against a soldier officer. The officer's name is Tremblay. He has a brother in the commons, also a returned soldier, who fought in the last great war as well. The minister of public works of Alberta, this brave man who finds all this fault, is pleased to run against a returned soldier in Grouard, a man who is now overseas and cannot defend himself against his opponent. I will not say any more about the matter.

Mr. KUHL: Because you are on dangerous ground.

Mr. DECHENE: No, I am not on dangerous ground. What I said about the $500,000 is in *Hansard;* it was not in a committee's report.

Mr. JOHNSTON (Bow River): You are changing your story now.

Mr. DECHENE: I quoted from *Hansard* and nobody can deny it.

I was saying, Mr. Chairman, that I believe a great city will rise at the junction of those two great rivers, the Athabaska and the Clearwater, because in that northern country we have everything—water powers, coal mines, gas and oil, salt, everything that goes to make a country prosperous. I have already stated that I think a highway should be built from Edmonton to McMurray because it would enable us to develop that country much more quickly. To-night I have a vision of northern Alberta. I wonder how many members have seen northern Alberta at the end of May or the beginning of June. I have known that country for fifty years and I know what a grand country it is. I do not think there is another place in the world as beautiful as northern Alberta, when the prairie is a mass of flowers and along the road are wild roses growing up almost to the height of this ceiling. We might call it the wild rose country. That is something you cannot see anywhere else. I was going to say that it talks to you, but most certainly it appeals to you. I think

northern Alberta has more resources than any other part of Canada. I may be wrong but I believe it has. Do not let us ruin the future of that great country by unfair criticism, from motives of political expediency. I believe I know the feelings of the old-timers in the province of Alberta, those who came and settled there from the old provinces of Quebec and Ontario, and others from the United States, up through the Kootenay and down the Peace river to Edmonton before 1880, and those who came later. We all love that country and love Canada more than anything else. We never allowed political differences to interfere with what we believed would be for progress of that part of the country. I believe that the Department of Mines and Resources is not asking for enough money. We should vote enough money to ascertain the possibilities and the resources of that country. We know that gas and oil are there and also great water powers. Everything is there to make the country north of Edmonton a Mecca for thousands of our young men when they come back from overseas.

Mr. JOHNSTON (Bow River): Mr. Chairman, I had not intended to say very much about this. I thought I had made the record quite clear by my statement of March 21 when I spoke in this house. But the hon. member for Athabaska has gone to some length to misquote statements of mine, and I wish now to correct him.

He seems to be quite disturbed because there is some criticism in this house of government policy and government expenditure of money. But it seems to me that that is the very reason we are here, and I am sure that his constituents will agree with me when they read over the hon. member's speeches in *Hansard*—if they can find many of his. Constructive criticism is what we are here for. I have listened for quite a long time, expecting to hear the hon. member give the government some suggestions or offer some constructive criticism, but apparently he is quite satisfied with the way in which the development of the tar sands is going on. For my part I am not satisfied at all, and I may say that I have tried to go carefully into this matter.

Before I start to deal with the subject I wish to correct some statements which were put on *Hansard* just before the dinner recess by the hon. member for Athabaska . He quoted some statements which I made on March 21, 1944, as reported on page 1733 of *Hansard*. I will read some of these so that the committee will know exactly the words I used. On this particular occasion I was discussing the samples of sand which were sent over to England back in 1920 by the government of the day. As a matter of fact two carloads, or a little over forty tons, were sent. I will not stop to refer to the way in which it was sent over, although that in itself is amusing. When the question was asked of Doctor Ells, he said:

I have heard of it but I think the results have not been given out.

Then I go on to say:

He does not know for sure.

May I say I was criticizing Doctor Ells at that time for his apparent lack of memory with regard to this transaction. I was commenting upon the testimony he gave before the committee, and I believe I was entirely justified in doing so. I said:

He does not know for sure. He says: "I have heard of it." That is a vague recollection. Mind you, two carloads of Athabaska tar sands were sent clear to England at an expense of $500,000.

Mr. DECHENE: Who said that?

Mr. JOHNSTON (Bow River): I was speaking there.

Mr. Ells, who was giving evidence, said: "I have heard of it but I think the results have not been given out." He was then further questioned about this matter and on the next page he says: "No, I have not any definite recollection." That is, he has no definite recollection of its having been sent to England. I think I should go back to the next page and read the question of the hon. member for Davenport, which was as follows: "Have you any recollection of the sand having been sent to England?" The answer is, "No, I have not any definite recollection." If anybody sent two carloads of Athabaska tar sands over to England at an expense of—with the investigation which was carried out—$500,000, there is something wrong with his memory if he does not even remember it.

Mr. CRERAR: Did Doctor Ells make that statement?

Mr. JOHNSTON (Bow River): Yes, exactly so. But Doctor Ells recollected a little later on. He said that it was sent to England, at whose expense he does not mention, but he says that an expense of $500,000 was incurred. I am not criticizing that point of it; I am putting on *Hansard* what I said that day, which the hon. member for Athabaska entirely misconstrued and misrepresented. The answer of Doctor Ells goes on:

I do recall that some years before that there were two carloads went over to England, to Cardiff, Wales, and a rather large amount of money spent in testing a method—I think about $500,000.

Mr. MacNicol: It was sent over to Cardiff?

Doctor Ells: Yes, two carloads; I shipped them myself.

At that time Doctor Ells was an employee of this government, and he says most definitely that he sent two carloads of tar sands over to

England. While I will not now read the exact words from the committee report, I will give the committee the pages at which they may be found; they are in the report of the reconstruction and reestablishment committee of November 30, 1943, page 965, and I hope the hon. member for Athabaska will take the trouble to read the report; he may learn a little and know what he is talking about the next time he speaks. It ill becomes anybody in this house to say what the hon. member said in speaking of Hon. W. A. Fallow, who is a member of his majesty's provincial government of Alberta and minister of public works. I wrote down what the hon. member said, and it is corroborated by two or three hon. members who sat close to me. I do not think it is proper to refer to a cabinet minister anywhere, or to a member of this house, as having "got his information from another drunken man." The clear inference is that Mr. Fallow was a drunken man.

Mr. DUPUIS: He did not mention his name.

Mr. JOHNSTON (Bow River): Let the hon. member keep still. The hon. member for Athabaska may speak for himself.

Mr. DECHENE: I never said that. The hon. member is absolutely wrong.

Mr. MacKINNON (Edmonton West): He did not say that.

Mr. JOHNSTON (Bow River): Well, I do not know whether the Minister of Trade and Commerce was here or not.

Mr. MacKINNON (Edmonton West): I was here.

Mr. JOHNSTON (Bow River): Those are the words the hon. member uttered. I took them down and had them corroborated by other hon. members.

Mr. DECHENE: Mr. Chairman, on a point of order, I never said anything of the kind. I repeated what he said in the hotel.

Mr. JOHNSTON (Bow River): I sincerely hope that the hon. member does contradict it, because those words should not be left on *Hansard*. As regards Mr. Fallow being elected again, I think he will be able to take care of himself when that time comes. I have talked to him at considerable length about this matter, and his only concern is that these tar sands shall be developed.

To me this question is of great importance. My concern was aroused when the Minister of Munitions and Supply stated a year or so ago that the government was going to investigate this problem because the war emergency was so great, the need of gasoline so pressing, that we should develop every possible source of supply and do so as speedily as possible. I thought that was the right attitude to take. But the thing which amazes me is that we have spent three or four years and have not got anywhere. The Minister of Mines and Resources, when referring to this matter this afternoon, said that the company which is up there now had to start out and break absolutely new ground. That is not quite right. Probably he meant, as far as that particular location was concerned, and even then he would not be exactly correct, because this investigation, as he himself indicated, began away back in 1920. One of the agreements entered into by the government was signed on July 16, 1920. Tar sands were shipped to England around 1920 to 1922 to a company whose name I forget, but which was being run by a Mr. Lindsay, I believe. It entered into an agreement with the federal government, whereby certain things were to be done by both parties, and some lands were leased to the company by the federal government. In shipping the tar sands to Mr. Lindsay the government undertook the responsibility of bringing them as far as Edmonton, at an expense to them of somewhat over $850. So that when the hon. member for Athabaska said that they did not pay anything, he was wrong again, although the amount was only a matter of a thousand dollars, which in relation to the total expense is neither here nor there. In the contract entered into at that time it was stipulated that the government should get fifty cents an acre for rentals. The English company had the land leased for two, three or four years, but the government, so far as we can find out, never received any rental payments, so that they lost that in addition. Then the contract was finally dropped.

But the thing that amazed me when I was reading the correspondence—of course the present minister had nothing to do with it then—was that one of the reasons why the operations were slowed down in connection with the Athabaska tar sands was the fact that an oil company in California was having a surplus of production. That was one of the factors that had a controlling influence on the development of those tar sands—overproduction in California. At that time such overproduction would have meant, in the development of the tar sands in Athabaska, so far away from a large city, that the work would have been uneconomical. That is what I am afraid is happening now, that these tar sands are not being developed as rapidly as they might be.

Let me quote an extract from the report of a committee which was set up by this government. It gives a fair indication that things could have gone better. This was a committee set up by the present government, the Kirkpatrick committee, I believe. The minister will correct me if I am wrong. I understand that there was set up a committee known as the Kirkpatrick committee, appointed by the dominion government in the spring of 1942, and the following is a part of that committee's report:

> We believe in general that the production of the crude oil from these sands is a practical project as a war measure. We also believe in general that the project would have more than a reasonable chance as a post-war commercial enterprise.

That was as late as 1942, and it is fairly good evidence that there is a good chance of this being developed if handled properly. I am not standing up here this evening to defend Mr. Fallow, not by any means. He is a minister of the crown of Alberta and he belongs to the same political party as I do. I do say to the Minister of Mines and Resources however, that in the report which he gave us this afternoon he has not refuted one of the statements, one of the accusations made by the minister of public works of Alberta. I was somewhat interested in that letter which the minister read and I was going to ask him this afternoon, only he thought I should not interrupt him then, to table the complete letter, because Mr. Fallow, in a part of his statement in Edmonton, referred particularly to one part of the letter which I noticed, namely, about the laying of the pipeline, the water line. I am not going to attempt to give his exact words, but Mr. Fallow stated in general that the pipeline was laid and the ditch was backfilled without any test having been made of the pipes, when they tried to run the water through, the pipes leaked and the dirt had to be taken up again and the pipes fixed and the dirt put back in a frozen condition, and still it was not satisfactory.

The letter which the minister read this afternoon did not contradict that statement. In fact, it tended to give the impression that it was a true statement of the situation, because the man who wrote the letter, Mr. McClave —I am speaking purely from memory—took no responsibility whatever for it. I believe he said that he let the work to those whom he considered to be responsible men inasmuch as they had had some experience in laying oil pipelines and therefore he concluded that they would or should know how to run their business. But that does not refute the argument made by the Hon. Mr. Fallow. That is why I say that, in fairness to Mr. McClave and the committee, the whole letter should be tabled lest we get the wrong impression. At any rate, the impression I got from the letter was that the Minister of Mines and Resources had written to Mr. McClave trying to find out something about the statements made by Mr. Fallow.

Mr. CRERAR: My hon. friend is mistaken about that. He states that the letter from Mr. McClave is in reply to one sent to him by Doctor Ells. As a matter of fact, at that time I did not know that there was such a man as Mr. McClave in existence. I had no correspondence with him, but Doctor Ells, who was interested in the matter, had written to him and this reply was given.

Mr. JOHNSTON (Bow River): Was that after the statement of Mr. Fallow came out?

Mr. CRERAR: After the raising of the pipe?

Mr. JOHNSTON (Bow River): No; the letter that Doctor Ells had written to Mr. McClave asking for information. Was that after the statement that Mr. Fallow had made?

Mr. CRERAR: It was before that. It was prior to Mr. Fallow's statement in the legislature. I did not wish to interrupt my hon. friend but simply to correct that impression. However, I may have a word to say a little later about his remarks.

Mr. JOHNSTON (Bow River): I am glad the minister has made that reply, because I would not want to accuse Mr. McClave or Doctor Ells of anything of which they should not be accused. But that was the impression I got when the minister read the letter, and that is why I thought it should have been tabled, so that there would be no misunderstanding about it. That is what I intended to ask him at that time; but I will say frankly to the minister, and I think he will agree with me, that the statements Mr. Fallow made were very serious charges, and I think it is the duty of the government to set up a royal commission, as Mr. Fallow has suggested, to investigate the matter. I am sure that one of the first witnesses they would call would be Mr. Fallow himself to substantiate the remarks he made, because I do not think any responsible person in this country either in this government or outside should be permitted to make such statements and have them go unchallenged. Of course, when I say that, I know the hon. Mr. Fallow is agreeable to that, because I discussed this very matter with him and said to him what I am saying

here and he agreed with me. He was quite prepared to give the evidence when the time came.

I take it that this question is too serious to have all these charges that are made go by lightly without any investigation whatever. A reference was made to that drunken survey party sent up there, and I will read what Mr. Fallow said in the provincial legislature in that regard. I do not think it should be allowed to go unchallenged:

> Some time after the survey party which was sent to McMurray to investigate the oil sands, a prominent citizen of Edmonton came to my office and told me that the men in charge of this party were in his room in the Macdonald hotel the previous night. He said they proceeded to get very drunk and openly bragged that they had been sent here by the dominion government to bring in an unfavourable report in connection with the development of the oil sands.

He goes on, but that is sufficient. Mr. Fallow is definitely accusing this government of sending up a survey party to bring in a wrong report. The proper and only place where that can be investigated is before a royal commission. Then he states—this is another accusation that Mr. Fallow makes about the government in connection with the tar sands:

> Instead, the dominion government appropriated another $500,000 to investigate the possibilities of producing oil from the sands. The next move was to take possession of the property being operated by the Abasand Oil Company. Mr. Max Ball, an engineer who had been the promoter of this operation from the beginning, and who knew more about the physical operation of this process than anyone else, was immediately pushed out of the picture by the dominion government and the plant put in charge of men who knew nothing about the process.

Mr. CRERAR: I do not wish to interrupt my hon. friend, but I will deal later with what he says.

Mr. JOHNSTON (Bow River): I assume that the minister will deny that.

Mr. CRERAR: I will say this. When Mr. Fallow refers to Mr. Max Ball as an oil engineer he is wholly mistaken. Mr. Ball was never an engineer at any time; he was an oil geologist.

Mr. JOHNSTON (Bow River): I do not think it is of material importance whether he was an engineer or a geologist. The fact is that he was in charge of that plant; he was the man who was getting results; and after he was removed from that job, as far as practical results were concerned there were none; they just stopped. So that the only logical conclusion one could reach is that he was of some use. But the proper way in which that charge could be investigated is by a royal commission which would go into the whole question. Here is another statement made during the course of this speech:

> Shortly after the dominion government took control of the property strange things began to happen. Out of the north came an endless procession of weird, incredulous stories of criminal incompetence and scandalous waste of public funds and charges of sabotage were heard on every hand.

Then listen to this:

> So persistent were these ugly rumours we decided to investigate and we found there was ample justification for the rumours.

In other words, this cabinet minister in Edmonton made certain charges, which he said were so serious that an investigation was held, and it was found that there was ample ground for such rumours. You cannot take that lightly and just dismiss it as nothing. The government have some responsibility in this regard; they are being accused by a man who should know what he is talking about. If he does not know what he is talking about he should be brought to account, but if these things are true those who are responsible should be brought to account. I do not agree at all with the hon. member for Davenport when he says that this government is not to blame, and that no blame should be attached to the minister.

Mr. MacNICOL: I did not say that the government was not to blame, but I did not criticize the minister.

Mr. JOHNSTON (Bow River): I am going farther than that, then; I am going to criticize the minister. I do not criticize him as an individual; it is not a personal matter in any way, but the minister must accept responsibility for the things done in his department. These charges are a reflection upon the government of this country, and they cannot be lightly dismissed. As I said, after hearing of these charges there was an investigation, and it was proved to Mr. Fallow's satisfaction that there was ample justification for these rumours. Here is another charge which I do not think can be overlooked; further in his remarks Mr. Fallow had this to say:

> To add to the antics of this crazy circus, someone poured sand in the oil boxes and pans of the machinery working on the job, putting all out of commission at one time.

That is a deliberate act of sabotage, and in time of war we should not permit such things to be carried on in this country, especially when they affect the production of oil. I do not know whether that statement is true, but I do know it was made by a cabinet minister of Alberta. Once more I say that the only proper way to investigate these matters is to appoint a royal commission. Just a

short time ago the Minister of Mines and Resources said that he was not competent to judge on the mistakes made. Having made that statement he, as a responsible minister, cannot merely rise in his place and deny these allegations, expecting his denial to carry a great deal of weight, since already he has said that he is not competent to judge as to these mistakes. In what other way can a proper investigation be made than the way suggested by a responsible minister of Alberta, the Hon. Mr. Fallow? Surely a responsible man would not make such statements unless they had some foundation, and in the same breath ask this government to set up a royal commission to investigate the charges, for he would know very well that he would be one of the first witnesses to be called. Then he went on to say:

At the time that the dominion government took control of this property, about the first thing they did was to cancel the agreement which existed between the research council of Alberta and the Abasand Oil Company in which both parties agreed to cooperate in research and investigation in order to improve the separation process.

I think that is true; I do not believe there can be any disagreement on that.

We were advised that all future research work would be carried on by the dominion government.

That is an amazing thing in time of war, with labour so scarce and skilled technicians so hard to find. You would think the dominion government would have been anxious to make use of the scientific research of the university of Alberta or anyone else to assist in the development of this natural resource. but apparently that was not the case.

As a result of the circumstances which we found, I made a public statement at Vermilion on November 9 last, charging sabotage and a deliberate attempt to discredit the whole undertaking.

That is a very strong statement.

On November 11 last, under an Ottawa dateline, my remarks were criticized as "sheer nonsense" in which it was also claimed that there was a shortage of equipment and man-power.

The Minister of Mines and Resources spoke about the shortage of man-power and the priority difficulties. Here is what Mr. Fallow had to say in that connection as a result of his inspection:

I want to assure you, Mr. Speaker, that on the two occasions when I visited this plant there was certainly no evidence of a shortage of man-power or machinery. There was enough machinery and man-power to handle half a dozen plants of this size, most of which was idle.

I am not going to quote any more of the charges made by Mr. Fallow, but certainly there is enough evidence to compel this government, for the sake of its own self-respect, to hold an investigation and see if these statements are true. When I spoke on this question on March 21 of this year I went into the matter in detail to the best of my ability. I had only one reason for doing so; I want to see these tar sands developed, because in my opinion we are short of oil and this war might be easily lost through lack of sufficient fuel for our machines and aircraft.

Mr. ROSS (Calgary East): Did Mr. Fallow cause the saboteurs to be prosecuted?

Mr. JOHNSTON (Bow River): This is a dominion affair.

Mr. ROSS (Calgary East): Oh, no; the province could prosecute them.

Mr. JOHNSTON (Bow River): No; the hon. member cannot get away from the responsibility in that way. This is definitely a dominion affair. It does not even matter so much whether or not Mr. Fallow informed the Minister of Mines and Resources. The point is that now the Minister of Mines and Resources has this information and he is aware of the charges which were made.

Mr. MACKENZIE (Vancouver Centre): May I ask the hon. member who made the charges?

Mr. JOHNSTON (Bow River): The Hon. Mr. Fallow.

Mr. MACKENZIE (Vancouver Centre): Is he a responsible minister of the crown of Alberta?

Mr. JOHNSTON (Bow River): He is the minister of public works.

Mr. MACKENZIE (Vancouver Centre): Why did he not follow up his charges by appointing a royal commission of the province of Alberta to investigate them?

Mr. JOHNSTON (Bow River): The Minister of Pensions and National Health knows very well why that would not be done. If the provincial government set up a royal commission it could not demand that these civil servants who work for the dominion government should appear before it.

Mr. MACKENZIE (Vancouver Centre): Nonsense.

Mr. JOHNSTON (Bow River): That is the responsibility of this government.

Mr. MACKENZIE (Vancouver Centre): That is nonsense.

Mr. JOHNSTON (Bow River): It is no use trying to push off the responsibility on another government.

Mr. MACKENZIE (Vancouver Centre): That is the worst nonsense I have ever heard in this house.

Mr. JOHNSTON (Bow River): The responsibility lies right here. We have spent over a million dollars on the development, and the Minister of Mines and Resources has not shown us one pennyworth of value that has come from it, other than a little bit of construction.

Mr. MACKENZIE (Vancouver Centre): Mr. Chairman, I rise to a point of order. The hon. member for Bow River is quoting a lot of allegations which were made in a provincial assembly by a responsible minister of the crown. My hon. friend should do one of two things. He should either not waste the time of this committee by repeating statements made by a minister of the crown in a provincial assembly, who is not here to support what he has said, or make the charges himself on his responsibility as a member of this house.

Mr. JOHNSTON (Bow River): That is not my responsibility at all. If the minister had told me that about nine years ago I might have fallen for it, but not now. He knows, from the statements I have made, it is up to the federal government to do the investigating, not me. I am not the one in charge. I can only bring these things to their attention and, if they want to disregard them, that is their affair. My conscience is clear and whether theirs is is a matter of indifference to me. The charges have been made and they know them as well as I do. They know who made them.

Mr. MACKENZIE (Vancouver Centre): He had the right as a minister of the crown to follow them up, and he did not do so.

Mr. JOHNSTON (Bow River): The government and the Minister of Pensions and National Health have the information; why do they not follow it up?

Mr. MACKENZIE (Vancouver Centre): Is my hon. friend making any charges on his own responsibility?

Mr. JOHNSTON (Bow River): I am just stating exactly what was said.

Mr. MACKENZIE (Vancouver Centre): The hon. member is taking this indirect route of quoting a provincial minister who did not have the moral courage to prosecute the charges he made in the legislative assembly.

Mr. JOHNSTON (Bow River): That is just the trouble with this government; they have not the moral courage to go ahead and hold this royal commission and call the minister of public works of Alberta as a witness. If they did that they would find out whether he is guilty—I am not trying to defend him—they could find out whether he is right or wrong. Mr. Fallow was quite agreeable to this. He would not be so anxious to appear before a royal commission; he would not have suggested that a commission be appointed unless he had good grounds for the statements he made. I think it is quite evident that up to date we have not had any actual practical results from the development carried on in Athabaska. It seems to me, and it seems to a great many other people that there is something wrong with the organization which was sent up there to do this work. The minister says that he is not competent to judge of these mistakes, and I doubt if he knows whether there have been many mistakes made. But he should investigate to see if such is the case. He should certainly get after those who are responsible and see that they are required to pay whatever penalty they should pay. He should appoint a royal commission and put the minister of public works of Alberta on trial along with the rest.

An hon. MEMBER: Call his bluff.

Mr. JOHNSTON (Bow River): Call his bluff, yes.

Mr. CRERAR: In the opening part of my hon. friend's remarks he referred to a shipment of sand sent to Great Britain, and he said something about some committee that had been set up, or some arrangement that had been made between the federal government of that day and a Mr. Lindsay. As a matter of fact it was General Lindsay who was interested in the project at that time. This happened many years ago, long before my period in office. The information I had is that the federal government of the day who controlled the resources were prepared to give General Lindsay and his associates leases on oil-bearing sands sufficient to enable them to carry on an operation if they could prove up a useful commercial method of extracting oil from these sands.

Mr. JOHNSTON (Bow River): Something like 1,795 acres.

Mr. CRERAR: So far as the evidence given by Doctor Ells before the reconstruction committee is concerned he said, according to the quotation which my hon. friend read, that he was not very familiar with the matter. I do not know whether the total experiments cost $500,000 or $5,000,000. The government of the

day were not interested. All they did was to transport a certain quantity of sand to Edmonton. Any work that was done in Britain was carried out by General Lindsay and his associates. They carried on their investigations to a certain point. There is a letter here which is on the record and which could be tabled addressed to the Hon. Charles Stewart, who was then Minister of the Interior, from General Lindsay under date of April 16, 1924. This was almost two years after the sands had been shipped to Britain. I shall not read all the letter, although there is no reason why I should not, since it is a public document, but one paragraph reads:

> Until oil can be produced from tar sands and sold in competition with oil derived from wells it does not appear to be feasible to develop these deposits economically. The present tremendous excess production of oil in California has necessarily retarded this. It will be recognized that it is hardly practicable to induce capital to enter this field until assured of a successful process,—

I should like that phrase to be noted.

> —leases which can be developed profitably and a reasonable market for their products. All of this will take time.

I would gather from that that whatever investigations General Lindsay and his associates carried on in Great Britain, they had not yet found a successful process at that time because he stated it would not be feasible to enter into it until a successful process had been found.

Mr. JOHNSTON (Bow River): What is the date of that letter?

Mr. CRERAR: April 16, 1924. I must confess that I am somewhat astonished at the position taken by the hon. member for Bow River. He seeks to leave the impression that something very harmful to the public interest has taken place and should be investigated by a royal commission. There are two things that may be said with respect to this. The hon. member quotes Mr. Fallow. I have read Mr. Fallow's speech, and I am bound to say that I do not think there was ever an address delivered in the Alberta legislature so filled with inaccuracies and misstatements. For one thing he said that the dominion government has spent $1,700,000. Where did he get that figure? The dominion government did not spend half of that.

Mr. JOHNSTON (Bow River): Oh, yes; it did.

Mr. CRERAR: No, it did not.

Mr. JOHNSTON (Bow River): Oh, yes; according to a return you brought down.

[Mr. Crerar.]

Mr. CRERAR: He stated that the government had spent $1,700,000 in the eighteen months prior to his making his speech. He was just 100 per cent wrong on that, or even a little more, and that is just about what he was out on his other statements. I invite the attention of the committee to the grounds upon which the hon. member for Bow River asks for a royal commission. He says that Mr. Fallow demanded it and that his demands should be granted. What were Mr. Fallow's grounds? One of them was that some fellow was drunk in the Macdonald hotel and he told someone else who told Mr. Fallow that some officers had been sent out from Ottawa to sabotage the whole enterprise. Will anyone in his reasonable senses here or anywhere else; will the hon. member himself when he goes home to-night and, in the calm of his room, think this over, agree that that is a basis for putting this country to the expense of a royal commission to investigate this matter? Here is someone who is intoxicated in the Macdonald hotel. Someone comes up to see him; they have a talk, and this drunken man says that he has heard something to the effect that people have come from Ottawa to sabotage this thing. He tells this friend; this friend goes to Mr. Fallow, and Mr. Fallow, on his responsibility as a member of the government of Alberta, rises in his place in the legislature, and gives that as a reason for a royal commission.

Mr. JOHNSTON (Bow River): That is only one of the many reasons.

Mr. CRERAR: It is the main one the hon. member has given. It was the first one to which he referred. The thing is too ridiculous for words.

There was another remedy open to Mr. Fallow. If he believed a fraction of what he said, then there was another remedy open to him. All this property is within the province of Alberta.

Mr. JOHNSTON (Bow River): This is dominion property.

Mr. CRERAR: And Mr. Fallow's government could have appointed a royal commission, and investigated it; certainly they could.

Mr. JOHNSTON (Bow River): No; the dominion government had a lease on the property, with the Abasand company.

Mr. CRERAR: They could have subpœnaed everyone who had anything to do with it.

Mr. JOHNSTON (Bow River): No, they could not.

Mr. CRERAR: Yes, they could.

Mr. JOHNSTON (Bow River): My information, from a legal authority, is that they could not.

Mr. CRERAR: I did not interrupt my hon. friend, and I would ask him not to interrupt me. The Alberta government could have appointed a royal commission; they could have subpœnaed Mr. Max Ball, and they could have subpœnaed every person on the work. They could have investigated everything. Why did they not do so?

Mr. JOHNSTON (Bow River): I just told you why.

Mr. CRERAR: And I will tell you why: Because Mr. Fallow knew that he could not substantiate the charges he was making in the Alberta legislature. That is why they did not do so.

Then, to make matters worse, the hon. member comes here and retails all this gossip which Mr. Fallow retailed in the legislature. And on the basis of that he demands that this government appoint a royal commission. I will tell the hon. member right now that if he will rise in his place and make these charges against the government, and stake his responsibility as a member upon it, he will get his investigation.

Mr. JOHNSTON (Bow River): Not my responsibility, at all.

Mr. CRERAR: When my colleague the Minister of Pensions and National Health suggested that to the hon. member a moment ago, what did he say? "Oh, no; oh, no. Nine years ago I might have done it, but not now."

Mr. JOHNSTON (Bow River): That is right, too.

Mr. CRERAR: In other words, "I have learned something since then."

Mr. JOHNSTON (Bow River): You are telling me!

Mr. CRERAR: Might I say he has learned since then that he is not going to risk his precious political skin on any proposition of that kind.

Mr. JOHNSTON (Bow River): The government has taken the same stand.

Mr. CRERAR: I ask the members in this committee: Is there any reasonable basis for the demand that a royal commission be appointed?

Mr. JOHNSTON (Bow River): The hon. member for Davenport agreed with me.

Mr. CRERAR: I will say more than that: The government is making an honest effort to see that the possibilities in these sands are worked out. What my hon. friend has said this afternoon and evening, to get some headlines in the papers, and possibly to get on the radio at ten o'clock to-night—

Mr. JOHNSTON (Bow River): I do not care whether it is or not.

Mr. CRERAR: You do not?

Mr. JOHNSTON (Bow River): It is not my concern.

Mr. CRERAR: But I think members of this house should have some sense of responsibility for statements they make.

Mr. JOHNSTON (Bow River): I am not speaking for political advertising. I am not seeking to advertise.

Mr. CRERAR: When my hon. friend makes an allegation of that kind, I really—because, quite frankly, I like him, and I do not think for a moment that he was serious in the statements he made—must conclude that it is unfortunate that such statements are made.

Mr. JOHNSTON (Bow River): Well, the hon. member for Davenport almost said the same thing as I did—and he was there.

Mr. CRERAR: Another reason given us is that sand was thrown in some of the bearings of the machinery. He said that there was sabotage. Well, that is quite true; someone did put sand in the oil,—

Mr. JOHNSTON (Bow River): Mr. Fallow has not been altogether wrong, then, has he?

Mr. MACKENZIE (Vancouver Centre): At least ninety per cent.

Mr. CRERAR: Would the hon. member for Bow River please let me finish?

Mr. JOHNSTON (Bow River): I am sorry.

Mr. CRERAR: It is true that some sand was thrown into some of the bearings of the machinery. That was reported to the police, and so far they have not been able to find the individual who carried on the sabotage. But my hon. friend gives this as an additional reason why a royal commission should be appointed.

Is my hon. friend serious in that? Does he think, because someone, in a moment of pique, or perhaps to damage the war effort, or for any other reason should, surreptitiously, throw sand in the bearings of the machinery, we must open a royal commission to investigate the government's responsibility? For a good

many years I have been a member of parliament, but in all kindness to my hon. friend I must say that I have never heard in all that time a more ridiculous or more absurd suggestion than that we should put this country to the expense of a royal commission to investigate the government's responsibility for someone throwing sand into the bearings of the machinery.

Mr. JOHNSTON (Bow River): I never said that, and the minister knows that very well.

Mr. CRERAR: My hon. friend urged it as a reason why a royal commission should be appointed.

Mr. JOHNSTON (Bow River): The minister knows very well I did not say that at all. He is just trying to get out of a difficult position.

Mr. CRERAR: And this was said on his own responsibility. He said that the government have spent over a million dollars and had nothing to show for it.

Mr. JOHNSTON (Bow River): I said about a million—and it is not far from it.

Mr. CRERAR: "About a million?"

Mr. JOHNSTON (Bow River): Yes.

Mr. CRERAR: We are right on that, then. He has said that the government has spent about a million dollars, and has nothing to show for it.

Mr. JOHNSTON (Bow River): Well, not much.

Mr. CRERAR: Is my hon. friend serious in that?

Mr. JOHNSTON (Bow River): Yes, absolutely.

Mr. CRERAR: Well, for the life of me I cannot understand how my hon. friend reaches some of the extraordinary conclusions he ultimately arrives at.

Mr. JOHNSTON (Bow River): Results are what count.

Mr. CRERAR: A million dollars spent, and nothing to show for it? Let me tell my hon. friend a few of the things there are to show for it. For instance, there has been a very considerable amount of drilling done on the sand-bearing land, to determine the quality of the sand, the depth of overburden, and how expensive it might be to get it out.

Mr. JOHNSTON (Bow River): Only $33,000 spent on that.

Mr. CRERAR: And that is something. In addition, very considerable tests and examinations have been made by the Universal Oil Products Company of Chicago to determine what extraction should be made from the bitumen. I gave that information to the committee this afternoon. In the third place, the plant has been redesigned and rebuilt.

Mr. JOHNSTON (Bow River): And torn down and rebuilt again.

Mr. CRERAR: The separation part of the plant is completed; and the refinery end of it will be ready for operation by September. In addition, all the other things necessary to carry out a thorough and continuous test of the possibilities of the sands are almost completed. Yet my hon. friend rises in his place in this house and says, "You have spent a million dollars, and have not anything to show for it."

Again he is simply retailing some of the gossip indulged in by Mr. Fallow. Or perhaps there was some other hotel in Alberta where someone was intoxicated, and told someone else something, and that someone else told someone else, and that someone else came and told Mr. Fallow that they had wasted a million dollars; and Mr. Fallow gets up in the legislature and wields that as a weapon of attack on the federal government.

There is just one other observation I have to make. Mr. Fallow states that the federal government is trying to sabotage this whole development. He seeks to leave the impression, and my hon. friend gives support to the allegation, that we are more interested in preventing successful development of tar sands than in anything else. Mr. Fallow says that this wretched government at Ottawa have no interest in developing the tar sands; that they are trying to sabotage the project. My hon. friend will not dispute that that was the tenor of Mr. Fallow's remarks.

But Mr. Fallow has a perfectly good remedy right in his own hands. Of the whole vast area of oil-bearing sands the federal government controls about 2,000 acres. Where does the control of the rest lie, of ninety-nine per cent of these oil-bearing sands? It lies absolutely with the province of Alberta.

Mr. Fallow accuses us of giving away some of the federal government's small area, 100 out of 2,000 acres. That is one indictment he levelled against us in his speech in the Alberta legislature. But he did not tell the legislature and the country, and my hon. friend has not told this committee, that the government of which Mr. Fallow is a member gave large concessions to the Abasand company out of its own resources.

Mr. JOHNSTON (Bow River): That has nothing to do with the matter.

Mr. CRERAR: It has something to do with it.

Mr. JOHNSTON (Bow River): The minister is indulging in political propaganda.

Mr. CRERAR: It has this much to do with it; it is an indication of the irresponsibility of Mr. Fallow. Then on the strength of all these wild statements of Mr. Fallow the hon. member rises in his place and demands a royal commission of inquiry. But when he was asked if he would take the responsibility as a member of this house of making charges that would warrant a royal commission he said: "Oh no, I might have done that nine years ago, but not now."

I think the committee can form its own estimate of this whole thing. The Alberta government could have gone ahead fourteen years ago and aided in the development of these sands. It could have put in its own plant. It could have used public money and bonused the industry, encouraging the industry to go on and develop the sands. But it did not do so; and now, when this government is making an honest effort to find out the commercial possibilities of these sands, all we get by way of thanks in return is the sort of speech that Mr. Fallow made in the legislature and the kind of speech my hon. friend made here this evening.

Item agreed to.

Investigations of petroliferous deposits and of potential petroliferous areas in Canada, $145,000.

Mr. GREEN: Will the minister explain to the committee in which part of this country this money is to be spent?

Mr. CRERAR: It is difficult at the moment to say just where it will be spent. The money voted last year was spent in investigations for oil in the Wainwright park area and to pay the expenses of drilling on the tar sands we were discussing a few moments ago. There were also surveys for oil exploration in New Brunswick. The vote this year is not allocated to any particular project. It is to meet requests that may come from the oil controller during the year. This vote does not touch the ordinary civil administration. We shall have our ordinary civil estimates to vote for this kind of work.

Mr. GREEN: For exploration?

Mr. CRERAR: For exploration, but that will be on fairly definite projects. We have plans mapped out already in connection with our civil estimates. As I say, this vote is to meet requests that may come from the oil controller during the year. If no requests come from him the money will not be spent.

Mr. GREEN: I would ask the minister to tell us whether the government has any policy with regard to the development of the Northwest Territories, the Yukon and northern British Columbia. The completion of the air line to the Yukon known as the Northwest staging route and of the Alaska highway and the Canol project, air developments in the Mackenzie River basin as well as mining developments in that district have focused the attention of many people in Canada on our northern country. There would seem to be great possibilities for development there. I am wondering whether the government has any special policy with regard to northern Canada. That is also brought to one's mind by the developments that have been made in Siberia, across the north pole and on the Asiatic side of the world.

I have here a booklet entitled, "Expanding Mineral Frontiers in the Northwest Territories," by A. W. Jolliffe, which was distributed by the Alberta Publicity and Travel Bureau. In this booklet there is a statement about the developments in Siberia. It says at page 12, comparing northern Canada with Russia:

> Northern Asiatic Russia is geographically a close relative of Northwest Territories. The two regions show similarity in climate, in plant and animal life, in their great northward-flowing waterways, and even in their geology, although the Canadian shield has a greater area than the pre-Cambrian of Siberia. Latitude for latitude, Siberia has a much tougher climate than Northwest Territories. No place in Arctic Canada can match the temperature extremes recorded at Verkhoyansk which is slightly north of the latitude of Eldorado mine on Great Bear lake. Winter temperatures have been known to reach ninety-four degrees below zero, and more than ninety above has been recorded in the summer. This cold pole of the world lies in the territory of Yakutsk, which in 1933—

I want to point out this fact to the minister:

> —had a population exceeding 300,000, equivalent to one person every four square miles, as compared with one person per hundred square miles throughout Northwest Territories. New industrial regions have sprung up in Asiatic Russia which extends north to the sixtieth parallel, equivalent climatically to much further north in Canada. On a map of Siberia published in 1935 are shown fifty-four permanent scientific research stations north of latitude 64°, and about 10,000 geological survey parties were active throughout Russia in 1937. The fruits of this programme are evident in the steady northward progress of mining, industry, and settlement; and in the success of maritime transportation along Russia's long Arctic coastline (fourteen ships travelled the entire length of the "North-east Passage" in 1936). Surely the experiences of our northern neighbour and ally will be of great assistance in the opening up of our own Arctic territories.

Canada, of course, has had no such development, and one sometimes wonders whether we are not missing an opportunity in the north country. Apparently none of this vote, or very

little of it, is earmarked for the northern country. Would the minister tell us just what the government has in mind in the way of promoting the development of northern Canada?

Mr. CRERAR: My hon. friend is now discussing a matter which should be discussed when the ordinary civil estimates of the department are before the committee.

Mr. GREEN: I think the minister is not quite right about that, because several of these items deal with expenditures for research and for finding new mines and oil wells and so on. Surely under items of this type we are entitled to ask the policy of the government with regard to developing northern Canada.

Mr. CRERAR: Under these war appropriation estimates we could make excursions into every branch of departmental activity. In the ordinary civil estimates of the mines branch we have an item of $314,000 for geological surveys, and it is under that vote that the work as to which my hon. friend is pressing for information—and it is very important work—would be carried out, and the details can then be given. As I stated a moment ago, this item of $145,000 may not be spent this year at all. It is in the war appropriation for war purposes, to meet requests from the oil controller should such requests be made; also perhaps a small part of it is to complete undertakings of last year where the vote lapsed at the end of the year. In addition, provision will be made from this vote for whatever drilling operations are carried on in this area of oil sands in northern Alberta.

Mr. GREEN: Well, could the minister give us some idea now of the policy of the government with regard to developing northern Canada? It really is a war item. For example, we have what is known as the joint Canadian-United States economic committee, and a branch of that committee was given the job of surveying all the resources in the Yukon, Alaska and northern British Columbia and of making recommendations as to what developments should take place in those areas. Could the minister not give us some idea of the general government policy on the development of the north country? It is probably one of the most important matters which faces Canada to-day. Its importance is evidenced by developments which Russia has made.

Mr. CRERAR: I do not for a moment decry its importance, but the information which would fully satisfy the questions of my hon. friend is not here to-night, because I expected to deal with the subject when the ordinary estimates of the department were up. The government has not been unmindful of the possibilities of the north country. I just asked the director of the mines branch, who tells me that last year we had two geological survey parties in the Yukon territory.

Mr. GREEN: Two?

Mr. CRERAR: Two. I do not know how many there were in the Northwest Territories, but almost every week, perhaps every day, in the summer months mining claims are being recorded in our mining recording office at Fort Smith by prospectors. As my hon. friend knows, there has been a substantial mining development in the Yellowknife district north of Slave lake, and we have had geological parties there for several years. In addition, we are sending out this year oil geological parties; that is, parties to search for oil deposits.

Mr. GREEN: In the Northwest Territories?

Mr. CRERAR: Some in the Northwest Territories, some in Alberta, some in Saskatchewan and some in the northeastern part of British Columbia. But I could have more complete information on all that when I have the data before me to deal with the civil estimates.

Mr. GREEN: Perhaps to-morrow the minister could make a statement on the northern policy of the government.

Mr. CRERAR: Well, that can be done, perhaps, when we come to our ordinary civil estimates.

Mr. GREEN: That may not be until the last five minutes of the last day of the session, and would not leave any time for discussion. I think the minister should make the statement at once.

Mr. CRERAR: All I can say in a general way, Mr. Chairman—

The ACTING CHAIRMAN (Mr. Golding): The minister has pointed out that this item has nothing to do with the question which the hon. member for Vancouver South has in mind, and he has promised that he will deal with it at the proper time. I appeal to hon. members to realize that if we hope to make any progress at all in these estimates we must try to deal with the items as they are. I hope I shall not have to say any more in that regard to hon. members.

Mr. GRAYDON: Are you speaking to the minister too?

Mr. GREEN: With regard to that, this particular item is for investigation of petroliferous deposits and of potential petroliferous areas in Canada, and the most important oil field in Canada is in the Northwest Territories. I have been asking the minister if he will make a statement on government policy with regard to developing the resources, including oil, in the Northwest Territories. The very next item has to do with mineral deposits. Surely we cannot be ruled out of order in asking questions of this type.

The ACTING CHAIRMAN (Mr. Golding): I again appeal to my hon. friend. When this item was up on Tuesday evening the minister gave the committee information as to what the item was for, and he has done the same thing to-night. It does not deal with the question which my hon. friend raised.

Mr. GREEN: It does, or it does not?

The ACTING CHAIRMAN (Mr. Golding): It does not.

Mr. GREEN: That is exactly where you are wrong, Mr. Chairman, because the minister himself has stated that some of this investigation for oil-bearing areas is to be in the Northwest Territories.

Mr. CASTLEDEN: I brought up this matter on Tuesday night. I was dealing with the subject of exploring those areas and I was ruled out of order on the same ground. The minister did, however, intimate that there was another item to come up later—it is on page 397 of *Hansard*—dealing with the expenses of liaison officers in connection with the Alaska highway and Canol projects. If he is willing that we should deal with the Canol project at that point I am quite willing to discuss it then instead of on this item. But I maintain that order in council P.C. 2904, tabled by the minister on May 5, has very much to do with this particular item—boring for oil in that area—and opportunity should be given to hon. members to discuss that war-time action on the item dealing with the exploration of those oil fields.

Mr. CRERAR: It is a mere matter of proceeding in an orderly fashion—

Mr. CASTLEDEN: I am agreeable.

Mr. CRERAR: —in the consideration of this. The hon. member for Yorkton who spoke a few moments ago raised this question on Tuesday night. This vote has nothing whatever to do with the Canol project. You might as well discuss reindeer on the arctic coast.

Mr. GRAYDON: They come under your department.

Mr. CRERAR: There is another item in the estimates on which the Canol project can be discussed. Let us discuss it when we come to that item. I say again to the hon. member for Vancouver South that this vote is not earmarked specifically for any particular project except perhaps one, namely, the expense of carrying on drilling to determine the extent and quality of sands in this northern Alberta area, which expense will be taken out of this vote. The remainder of it is there to meet requests from the oil controller. We have had these requests in each of the last two years, and this is provided, I understand, at his suggestion. He may have something that he would like the department to investigate, and if we should receive such a request we provide for expenditure in connection with it under this vote. When we come again to the general permanent work of the department which is covered in the votes which parliament will be asked in due course to pass, relating to geological surveys and the like, such matters can be raised. I sympathize with the request of the hon. member for Vancouver South. I appreciate his claim that it is important to have wise policies for the development of the north country. I do not think there is anyone in this committee who has a better appreciation of the possibilities of northern Canada than I have, if I may modestly say so. I have travelled over a good deal of it; I have seen and watched with interest, and have had some little part, through the agency of the Department of Mines and Resources, in the endeavour to restore the furbearing animals for the benefit of the Indians, and I know there is great need for a wider dissemination of knowledge of the north country. I have used my influence, modest as it is, in connection with the work of the national film board to see to it that, through the medium of the film, they should carry information to the Canadian people as to the possibilities of the north country and endeavour to clear up a great many of the misconceptions that exist about it. One day toward the latter part of August I was in Aklavik, 150 miles beyond the arctic circle, a disagreeably warm day, something like this—

The ACTING CHAIRMAN (Mr. Golding): Order. I wonder if we cannot deal with this item now.

Mr. CRERAR: I appreciate your calling me to order, Mr. Chairman,—

Mr. GRAYDON: I think the minister should deal with it in the civil estimates.

Mr. CRERAR: —but I want to impress upon the hon. member that the government has not been remiss—

Mr. GREEN: You need not impress that upon me.

Mr. CRERAR: —in its consideration of the possibilities of the north country.

Mr. GREEN: Is there any reason why there should not be a development in northern Canada similar to the development in Siberia?

Mr. CRERAR: I do not think so. I think we have the resources.

Mr. FAIR: Is any further exploration work being carried on at Wainwright this year? If so, to what extent?

Mr. CRERAR: There are no further investigations in the Wainwright area; that is, in the park area at Wainwright. These investigations were carried on last year and the right to secure leases will be auctioned off. We are putting up the area inside the park.

Mr. ADAMSON: Will the minister undertake to bring down his civil estimates at an early date so that a full debate can be held on these matters? Many of us wish to discuss this item and I discussed the matter personally with the minister before the house met. These items are not really the place to deal with the broad policy of his department. That department is so important that I should like him to try to bring his estimates down so that a full-dress debate can be held on these matters in the near future.

Mr. CRERAR: I shall endeavour to bring them down as soon as possible, but if my hon. friend asks me when they will come on, I cannot tell him. There is a good deal to be disposed of before then. I agree with him, however, that the question of developing the vast resources of Canada is one that could well engage the earnest attention of the house. I do not think there is anything more important, and I do not say that because I happen to be the minister in charge.

Item agreed to.

Special exploration and development work in connection with the supply of strategic materials, $60,000.

Mr. WHITE: Will the minister give a break-down of the persons or corporations to whom the $500,000 was paid during the last year and to whom it is expected that the $60,000 he is asking for will be paid during the coming year?

Mr. CRERAR: The break-down was given when the vote was asked for last year, but—

Mr. WHITE: I am interested in the moneys advanced for the development of fluorspar in the county of Hastings.

Mr. CRERAR: The vote for strategic minerals last year was $500,000. Does my hon. friend want it all, or some particular items?

Mr. WHITE: Just the items that deal with fluorspar in Hastings.

Mr. CRERAR: There was the Reliance fluorspar estimate of $10,000, of which $9,234 was advanced. Then there was the R. T. Gilman loan of $106; nothing was advanced against that. Next is H. C. Miller, $8,731, of which $8,036 was spent. Then there was the Trent fluorspar loan of $6,235, of which $6,085 was advanced. I am giving round figures. There was also the fluorspar drilling at Madoc. For drilling at Madoc $20,000 was provided and $18,692 spent.

Mr. WHITE: What is the total amount advanced by the government to date for fluorspar operations in the county of Hastings and, second, the amount it has cost his department, in connection with this money advanced, for salaries of their engineers, surveyors, auditors, travelling and other expenses in connection with the operation of these fluorspar mines?

Mr. CRERAR: I can give the total expenditures authorized and the net advances. I am afraid I cannot give it in the detail requested by my hon. friend, but I find that Reliance Flourspar at Madoc had an authorized expenditure of $48,000. Did my hon. friend want the net advances in each case?

Mr. WHITE: Yes, the net amount.

Mr. CRERAR: Reliance Fluorspar, Madoc, $46,881.92; Gilman Fluorspar, Madoc, $22,-778.14; H. C. Miller Fluorspar, Madoc, $34,196.89, and Trent Fluorspar, Madoc, $9,848.41.

Mr. WHITE: That is up to what date?

Mr. CRERAR: That is at May 19, 1944.

Mr. WHITE: Then could the minister answer the other question, as to what has been the total cost to his department, or whatever department this comes under, for salaries, wages, cost of engineers, auditors and other expenses in connection with the operation of these mines?

Mr. CRERAR: I do not have it broken down.

Mr. WHITE: I shall be satisfied with a lump sum if the minister has it.

Mr. CRERAR: I have the total for salaries for all the strategic minerals, but that covers not only fluorspar developments; it includes chromite, tungsten, molybdenite, and metals like that. The total salaries for all of that

were $19,221.11, but if my hon. friend wants them for fluorspar alone it will be necessary to have that figure broken down. If my hon. friend is interested I can have my officers prepare that information and send it to him.

Mr. WHITE: That will be satisfactory. Then the minister stated that the amount advanced to one H. C. Miller was $34,196, out of an appropriation of $35,000. In connection with the advances to this man, could the minister give the committee any information as to what led up to the granting of this appropriation, just what has been done on the property, the amount of money he has actually expended, the production of fluorspar that has been developed, the amount that has been repaid to the department on this loan, and the manner in which it has been repaid.

Mr. CRERAR: Mr. Miller received $34,196.89. I think that information was given in answer to a question asked by my hon. friend. His total repayments to January 31, 1944, were $7,229.95.

Mr. WHITE: I have that information already in a return brought down by the minister on February 22. I should like the minister to give the committee some information as to how Miller came to get this appropriation, what led up to the granting of this amount of $35,000.

Mr. CRERAR: The Department of Mines and Resources does not initiate these contracts, if I may so describe them, with these individuals. In the first place they are initiated by the metals controller. He hears, perhaps from various people, or from one source or another, as to possible deposits of these strategic minerals. In this case it is fluorspar, which I understand is used as a fluxing material in the production of high grade steel. The metals controller, in some manner of which I am not aware, learned of Miller's deposit and gave the particulars to the Department of Mines and Resources. The technical officers of my department examined the deposits, gathered all the data they could, and were in a position to say whether or not this was a property that might offer possibilities of supplying fluorspar. The next step was when the metals controller, supported by the director of the mines branch, made a recommendation to me as minister, and on the strength of their recommendation the order in council was passed providing financial assistance.

Mr. WHITE: Does the minister know that Mr. H. C. Miller, the man who obtained this money, is a civil servant? In an answer which was brought down on February 11 to a question which I had asked it is stated that Mr. Henry C. Miller has been in the employ of the government since June 8, 1942, and that he receives a salary of $3,720 a year and devotes his full time to his position. Under the contract drawn up and signed by the minister with Mr. Miller it is stated that Mr. Miller was unable to finance the development of this mine. In proof of that there is attached to the contract a list of the debts owing by Mr. Miller at the time he obtained this grant. I should like to know if Mr. Miller put up or supplied any of his own money in the development and operation of this mine.

Mr. CRERAR: I do not know Mr. Miller; if he were to walk down the aisle right now it would be the first time I would have seen him. I understand he is employed in some capacity in the oils and fats administration of the wartime prices and trade board, but I do not know what his duties were, what they are, or what they may be in the future. All I know is that the metals controller had reason to think that Mr. Miller controlled a deposit of fluorspar that would be of use in the war effort, that the deposit had been examined by the technical officers of the Department of Mines and Resources, and on the recommendation of the metals controller and the director of the mines branch of the department I sent a recommendation to council that gave authority to make these advances.

When the advances were made provision was made for the return of them in all cases at so much per ton of the product mined. The government also retained a lien on all tangible assets that were secured for development purposes. In some cases I anticipate that these advances will be fully repaid and there may be other cases where they may not be repaid. In any event the procedure was as I have outlined.

Mr. GREEN: Does the minister's department not make any check?

Mr. CRERAR: Oh, yes. When these deposits, whether it was tungsten or anything else, came to the attention of the metals controller he asked the mines branch to have its technical officers report on the possibility of getting useful results from a working of the deposits. That investigation was made; if the report was satisfactory the metals controller and the director made a recommendation to me as minister of the department, and from that followed the order in council that appropriated the money.

Mr. WHITE: I do not think the minister has answered the question I asked, whether or not Mr. Miller had advanced any of his

own money in order to equip this mine and get it ready for the production of fluorspar, or was all the money supplied by the department?

Mr. CRERAR: My advice is that the department supplied the money to get the mine into operation, and then the working capital necessary in the initial stages was provided by the owner, in this case by Miller.

Mr. WHITE: The minister probably knows that his department had a competent and capable engineer in charge of these operations and that no money could be expended without the approval of that engineer. He must know that audits were held and a careful and proper check kept on all expenditures. How much did it cost Mr. Miller to bring this mine into production?

Mr. CRERAR: I shall be glad to give the information if we have it.

Mr. WHITE: I am sure the minister must have it because I know exactly the way it was done. There was a careful check made and no money could be advanced—this is all covered by the contract—without the consent of the departmental engineer.

Mr. CRERAR: I have not that information here, but if it can be found in the records of the department it will be brought forward. I can either give it to the committee to-morrow if we do not finish to-night or give it to my hon. friend privately, whichever he wishes.

Mr. WHITE: Has the minister any knowledge of any part of this $35,000 being used by Mr. Miller after the mine was brought into operation?

Mr. CRERAR: I am advised that we have no knowledge of that.

Mr. WHITE: I do not think that is satisfactory, because no one could have kept a more accurate check than the engineer supplied by the minister's own department. Complete records were kept of everything and audits have been made. The minister should have this information.

Mr. CRERAR: I should have said that I have no record here to-night. It may be in some of the reports that the department has in connection with this operation. That would be a public document and I would have no objection to giving it to my hon. friend, but I have not it with me to-night.

Mr. WHITE: The minister has just stated that the money advanced under these contracts was to be paid back on a royalty basis of $3 a ton. The question I asked was answered by sessional paper 169. Question No. 9 was:

> Is the operator permitted to make a profit before repayment has been made in full of all moneys advanced by the government?

The answer was:

> Under the terms of the agreement, the operators are permitted to use balances of revenues after payments to government for the purpose of carrying on mining operations. It is doubtful that these balances of revenues are more than sufficient to continue necessary mining operations.

The return shows that Miller produced some 2,377 tons and paid back $7,229.95. Has the minister any knowledge as to what profit Miller made out of those 2,377 tons of fluorspar he produced and sold?

Mr. CRERAR: We have no information on that point. As I explained, when these contracts were made they were made on a more or less arbitrary basis of a certain repayment per ton of product mined. In the case of Miller those repayments have been made. Whether Miller had some money left after paying his other expenses, I cannot say. It may be that my hon. friend is on fair ground in criticizing the government for making that sort of arrangement, but the repayment of these advances was estimated on a basis which the officers of the department thought was fair and reasonable. I have no apology whatever to make for accepting their advice. Miller may have run into a little richer deposit, or may have had some other advantage in operation that I know nothing about. Whether he made a profit or not, I cannot say. All I know is that we gave him a certain advance; that he was to pay it at so much per ton of the product mined. Up to the present time he has paid about $7,000; and the government holds a lien on all the tangible assets provided out of this grant, until the full loan is repaid.

Mr. WHITE: The minister admits that he does not know whether Miller made a profit. But I would point out again that when the fluorspar ore was sold to the various steel companies those sales were all made with the approval of the engineer from the Department of Mines and Resources. They had copies of all the way bills, and everything else. They knew when the cheque came back, and they would know exactly how much profit, if any, Mr. Miller made.

I understand that during the very short time that this property was operated by Mr. Miller, who was a full-time civil servant at Ottawa, and who was unable to finance the mine in any way with his own money, but who was granted over $34,000 of public funds,

he made a profit of anywhere from $10,000 to $25,000. The minister has told me that he has no knowledge as to whether or not Miller made a profit. But I would say to the minister that his officers, his engineers, or somebody in his department would have some knowledge as to the profit that Miller made. Would the minister be good enough to get me that information?

Mr. CRERAR: There is not the slightest objection. I do not know, really, what my hon. friend is driving at. There is no objection to giving any information that our records can disclose.

Mr. GRAYDON: What he is driving at seems clear enough.

Mr. WHITE: I will explain what I am driving at, if the minister would like to know. Here is a man, a civil servant, who makes a contract with the crown. It is stated in the contract that he is unable to provide the money to finance this mine. Attached to the contract is proof of that, because there is a statement of his debts. The government advanced him $35,000; and during a very short period of operation, extending perhaps from eight to fourteen months, a man who is already drawing from the crown a salary of over $3,700, is allowed, without risking one cent of his own money, to make a very large and substantial profit. At the same time he is only asked to repay to the crown the very small sum of $3 a ton on all the fluorspar ore produced. Why should that contract not have been drawn so that all the profits on the sale of the fluorspar, over and above the operation of the mine, should be paid back to the government until such time as the full amount of the money advanced had been paid in full? Would that not be the logical way to do it? I should like to have the minister comment upon that.

Mr. CRERAR: My comment would be this: In this case Miller—and in other cases, others—had property that probably was of considerable value. It cost them money, in the first instance. I do not know how much—

Mr. WHITE: If the minister does not know, then please do not say it cost him money. The minister does not know.

Mr. CRERAR: Well, that is rather remarkable. I do not see how a person would get property of value unless it cost something. He may have inherited it, or it may have dropped in his lap from the gods, or something of that kind. At any rate, he owned the property, irrespective of what it cost him, and it may have had some value.

We were not doing anything in a confiscatory manner. In this instance it was found Mr. Miller had a deposit of fluorspar, something which was very badly needed. He was approached by the metals controller, and the metals controller asked the officers of the department to investigate. They, in turn, reported that the deposit was worth developing. Money was advanced; the property was developed, and the fluorspar so badly needed was secured.

My hon. friend says that we were improvident in not providing that more than $3 or $3.50 a ton, I believe it was, was repaid on the loan out of each ton of material produced. I quite admit that my hon. friend is justified in offering that criticism, if he thinks that is a pertinent criticism.

Mr. WHITE: Does the minister not think it is pertinent?

Mr. CRERAR: No, I do not think it is a pertinent criticism.

Mr. WHITE: You do not? All right; go ahead.

Mr. CRERAR: After all, we could have expropriated this property.

Mr. WHITE: That is the next question I am going to ask. Why did you not do that?

Mr. CRERAR: Were we going to expropriate all the fluorspar sites, all the tungsten property and everything else? I did not have the responsibility for making these arrangements. They were with the Minister of Munitions and Supply, and the metals controller.

Mr. WHITE: You signed the contract.

Mr. CRERAR: The Department of Mines and Resources entered into the arrangements on the recommendation of the metals controller. I still submit that the arrangements were reasonable, and that the repayment was fair. They were reasonable arrangements.

Mr. WHITE: They were very reasonable; that is my complaint. They were too reasonable—far too reasonable.

Mr. CRERAR: My hon. friend can make a play on words, if he wishes.

Mr. WHITE: Oh, no.

Mr. CRERAR: I do not know about this mysterious man, Mr. Miller, who happens to be employed, I believe, in the oils and fats division of the wartime prices and trade board. In that sense he is not an ordinary civil servant. I presume that he is someone who was secured by the wartime prices and trade board because of competence in doing a job they

wanted him to do, or that he volunteered his services. At any rate, be that as it may, by whatever road he reached his job, he is employed by the wartime prices and trade board, according to the information I have. Quite probably he is doing a satisfactory job.

Does my hon. friend argue that because he was employed by the wartime prices and trade board and getting a salary of $3,700 a year, when we had a chance of getting fluorspar from his property we should have turned it down because of his government employment? I do not think my hon. friend would argue that seriously, for a moment.

The main point is that fluorspar was badly needed. This man had property on which there was fluorspar, and we entered into arrangements for its development. It was done on a basis that we thought was reasonable, and offered a reasonable chance of the government's receiving back the money it had advanced. I still maintain that position. Whether Mr. Miller made a profit out of it, or whether he had debts, or whether he was employed by the wartime prices and trade board, or employed anywhere else, are not factors in the matter, so far as the department is concerned. The main point is that we helped to finance this property, and we are getting repaid for it. Then, too, we are getting fluorspar, which is badly needed—and after all, that is the main consideration.

Mr. WHITE: It is all very well for the minister lightly to brush aside spending the mere bagatelle of $35,000. Where I live, and where this money was spent, it is considered a large sum of money. But of course the way in which this government deals in millions and billions, it is a trifling amount. I think the minister overlooked the point, entirely, or perhaps he can tell me if it is the usual thing to find persons coming to his department, or to some other department of government, and putting up a proposition under which they will not be called upon to risk one cent of their own money, and will receive out of the public treasury of Canada sufficient funds to operate a property by remote control, under foremen, and thereby make a substantial profit. That is what I am objecting to. I think it is entirely wrong for any citizen of Canada—

Mr. CRERAR: Does my hon. friend contend that Mr. Miller should not have been allowed to make any profit?

Mr. WHITE: After he had paid you, he could make all the profit he wanted to, certainly.

Mr. HOWE: Since my department is responsible, perhaps I might ask my hon. friend a few questions. Has he any evidence whatever that Mr. Miller made a profit?

[Mr. Crerar.]

Mr. WHITE: The Minister of Mines and Resources says that he does not know anything about it but that he is going to get the information.

Mr. HOWE: Does my hon. friend know?

Mr. WHITE: I am not answering your questions.

Mr. HOWE: The hon. member is basing his statements on an assumption he cannot prove.

Mr. WHITE: Do not get off on any line like that. All these fluorspar properties were financed entirely by the government—Miller, Reliance, Trent and Gilman. Not one of them was able to finance alone. Since these fluorspar properties are all located within an area of one or two miles, and are probably the same vein, would it not have been more reasonable for the government to take over these properties and operate them themselves instead of advancing all these moneys to these four different companies, having four sets of everything, equipment and all the other things needed for these various properties.

Mr. CRERAR: In reply I would refer the hon. member for Hastings-Peterborough to the hon. member for Davenport who, speaking this afternoon of another development, stated that he was opposed to the government operating properties, and I confessed that I agree with him. Now the hon. member for Hastings-Peterborough comes along and accuses the government for not having taken over these properties and operated them as government enterprises. I would suggest to my hon. friend who leads the opposition, who is a philosophical gentleman, that he try to reconcile these differences among his supporters.

Mr. GRAYDON: You have a job of that sort to do on your own side.

Mr. CRERAR: I do not know whether the hon. member for Hastings-Peterborough contends that the owners of these fluorspar properties should not get anything for them. Perhaps my hon. friend could tell the committee how much money the people who own these fluorspar properties have made out of them in the last fifteen or twenty years. I am advised that the properties were so unprofitable that they were not being operated, and that operation came about only because in the stress of war this material fluorspar, of which I confess I know nothing, was found very useful for fluxing purposes in the making of high-grade steel, which was urgently needed. The metals controller learned of these properties and wanted to get them developed. It may be; in fact it

is contended by the hon. member for Hastings-Peterborough that the government should have taken these properties over. Supposing we had done that; what would we have had to pay for them? We could not take them over for nothing. At any rate I can assure my hon. friend that this government, with all the sins that may rest upon its head—

Mr. FRASER (Peterborough West): And they are plenty.

Mr. CRERAR: I dispute that. I do not think the hon. member for Hastings-Peterborough would contend that the government should take these properties away without compensating the owners. If we could not agree on a price we would have to resort to the exchequer court and have it assess the value of the property. The next step would be to buy the property, and then we would have it on our hands and would have to operate it as a government enterprise. That is the contention of the hon. member for Hastings-Peterborough. But if we had done that, one of our first critics, and I would have sympathy with him, would have been the hon. member for Davenport.

Mr. MacNICOL: I am wholly opposed to government operation of industry.

Mr. CRERAR: Let us get down to essentials. The fluorspar was urgently, almost desperately needed. We entered into arrangements with people who had the properties. They did not know what they would get out of it. If the war lasted only a year or two they would lose money if they went ahead on their own. But they did not have the capital. Even if they had had the capital, they would not want to risk it under those circumstances. Therefore, on the advice of the technical officers of the department we made the arrangement that we should be paid so much per ton on the fluorspar mined. I do not think it would be reasonable to say that the people who own these properties should not get something. The deposit might be depleted before the loan was returned. They entered into this arrangement at the request of the government. They cooperated in that respect, not only these people who own the fluorspar properties but many other firms throughout the country engaged in other lines of business, to which the Minister of Munitions and Supply can testify.

Mr. KNOWLES: He has taken a lot of them over.

Mr. CRERAR: If the war goes on for another year or two and the fluorspar deposit lasts we shall be repaid. In the meantime we have security on all the tangible assets, and that is a proposition that I am not afraid to defend in this house or anywhere else.

Mr. WHITE: It will be interesting to learn, when the minister's war estimates are before the committee next year, how much was lost through this deal, which the minister thinks is very fine.

Mr. CRERAR: We may lose some money; I do not deny that.

Mr. WHITE: I have one or two questions to ask in regard to the various contracts made with these companies. Are the terms the same in each contract as to the amount of repayment on the basis of $3 a ton, or is there one contract which provides that all proceeds from the sale of fluorspar are to be applied on account of the loan after the payment of operating expenses?

Mr. CRERAR: I am advised that the contracts were all identical, except the one with the Reliance company. They got an advance in the first instance and the basis of repayment was the same as in the other contracts. Later on they came back for an additional advance, and a higher rate of repayment was agreed upon.

Mr. WHITE: Can the minister tell me the amount of what he calls the higher repayment, and further, does the Reliance company have to pay back, in addition to a stated amount per ton, the profits on the sale of fluorspar over and above the amount of operating expenses, or does the department just get a certain amount per ton?

Mr. CRERAR: I am advised that, after the second advance, repayment was to be at the rate of $5 per ton of the fluorspar mined.

Mr. WHITE: Is that all that the Reliance has to pay as far as the second advance is concerned?

Mr. CRERAR: I am advised that it is.

Mr. DIEFENBAKER: There are some questions pertaining to the country as a whole which I should like to ask in connection with this item. According to the report of the department for the year ended March 31, 1943, $325,000 was expended in the preceding year in the form of loans to mine operators, contracts for exploratory work under dominion or provincial government supervision, purchase of mining equipment, and so on. How much was expended under this vote during the past year?

Mr. CRERAR: Under the vote of $500,000?

Mr. DIEFENBAKER: Yes.

Mr. CRERAR: I am advised that the total amount expended was $117,787.

Mr. DIEFENBAKER: That is considerably less than the year before. What degree of success was attained by the expenditure of money under this particular item? Is the minister satisfied with the returns which were secured and the discoveries or exploratory work done?

Mr. CRERAR: It will take a little time to get the details, but I can indicate the results roughly. We got fluorspar, tungsten, molybdenum, chrome for hardening steel—those four at any rate, in the class of strategic minerals.

Mr. DIEFENBAKER: I assume that the minister will give the figures pertaining to what actually was discovered as a result of this vote.

I wish to refer to something which was dealt with last year, namely, the expenditure which is being made or was made under this item in the three provinces of Manitoba, Saskatchewan and Alberta. How much was spent under this item for exploratory or development work in connection with research for strategic metals; first, during the year 1942-43; second, in the year 1943-44?

Mr. CRERAR: I would doubt whether under this vote there was any expenditure in Saskatchewan or Alberta in respect of strategic minerals; that is, for chrome or tungsten or the others I mentioned a moment ago. I believe there was some expenditure in eastern Manitoba. I have not that from my officials, but that is my recollection. There were some explorations for tin. The Minister of Munitions and Supply advises me that money was spent on exploration or investigation relating to a chrome deposit in Manitoba.

Mr. DIEFENBAKER: That was a comparatively small amount, was it not?

Mr. CRERAR: I could not say how much.

Mr. DIEFENBAKER: The figures will be made available, I presume?

Mr. CRERAR: They can be dug out of the records if it is of any particular importance.

Mr. DIEFENBAKER: Well, not dug out, just given. I am asking for the figures. Surely the officials must have the figures showing what expenditures were made in those various provinces.

We in the western provinces find ourselves in this position as regards our great potential mineral resources, that we are not receiving any consideration from the government in connection with exploratory and development work. As I recall it, a report was made some years ago by the Saskatchewan department of mines and resources that chromium, molybdenum and tungsten were to be found in northern Saskatchewan. Yet, at a time when money is available for exploration work in this connection, none or very little of it is expended in the western provinces. Last year I brought this matter to the attention of the minister and asked him why consideration was not given by the metals controller to mineral development in the prairie provinces. Over a large part of their area is the pre-Cambrian shield. We have vast potential resources of what have been designated strategic metals; yet, at a time when money is expended everywhere else in the dominion, it seems impossible, even with a minister representing a Manitoba constituency, to get any assistance for the development of our mineral wealth.

Mr. GRAYDON: Charity might begin at home.

Mr. DIEFENBAKER: Last year I pointed out that the metals controller or his branch seemed unwilling to cooperate with the western governments in connection with metals to be found in these provinces. I mentioned Saskatchewan, and asked him whether the government of that province had brought to the attention of the federal government its potential resources in strategic metals. As I remember what the minister said at the time, it was that no doubt the provincial government had, and that he personally would give consideration to mineral development and exploratory work taking place in the western provinces during the past year. We in western Canada find ourselves in this position, that industry is concentrated in eastern Canada and, to a lesser extent, at the coast. Certain industries could have been established in the western provinces, but for some reason Saskatchewan, Manitoba and, to a lesser degree, Alberta have not received consideration in that respect. I think it passing strange that no portion of the money comprised in this vote is available to the western provinces with the exception of Manitoba, and there only to a small extent.

We have no resources to equal our mineral resources. They are valuable to-day, in war time. We are now laying post-war plans for the employment of men when they come back from overseas. It is all very well to say that governments should control the mineral resources of a nation. Governments may cooperate with private enterprise. When you see the record of the development of mines over a period of years, and if what the *Northern Miner* suggested the other day is correct,

namely, that in Ontario, out of 4,426 organizations, 98·2 per cent made no return whatsoever to their shareholders and only one per cent of starters finished at the post of economic success, it becomes obvious that the government, if it were engaged in mineral development for itself, would not continue long. But here we have a vote to make possible the finding of strategic minerals, and none of that money has been made available to the western provinces with the exception of a small amount in Manitoba. I do not want to transgress your ruling, Mr. Chairman, but I think that, as the hon. member for Vancouver South said, it is a very important matter to ascertain from the government its plan in regard to mineral development. In my opinion, all the provinces having potential mineral resources have a right of equal access to moneys being expended by the dominion government at this time—at least reasonably equal access—and that has been denied.

Mr. BERTRAND (Laurier): What about wheat?

Mr. GRAYDON: What about fish?

Mr. DIEFENBAKER: That indicates that the Minister of Fisheries feels that wheat is a mineral resource or a strategic ore, and that does not show that he understands the problem as well as he should. I am dealing with mineral and strategic ores.

Mr. BERTRAND (Laurier): But we are spending the money.

Mr. DIEFENBAKER: Is the Minister of Fisheries objecting to the moneys that are expended in connection with wheat and on agriculture in western Canada?

Mr. BERTRAND (Laurier): Not at all. But when somebody from the west compares what is being spent in the east with what is being spent in the west, he should take into consideration certain moneys that are not spent in the east on things like wheat.

Mr. DIEFENBAKER: No one is criticizing what is expended in the east. I am pleading for a diversification of industry in all parts of Canada and not the concentration in any one part. In connection with this vote I would ask the minister how he would react to the suggestion that under the vote an opportunity be given to some of the men coming back from overseas to-day to engage as prospectors for the purpose of exploring for minerals. Many soldiers coming back to-day, used to the outdoors, willing to go prospecting, require training in that direction; and I suggest that under this vote, instead of reducing it from half a million to $60,000, the grant should be continued and an opportunity given, by the establishment of prospecting schools and the like, to train some of our men who are returning from overseas so as to enable them to engage in this very important work after the war. If you do this you will be doing war work, prospecting for strategic metals, and you will be training men for a vocation after the war. I believe that one of the committees in connection with post-war rehabilitation has made that suggestion and I should like to hear the minister's view in that connection. I suggest that there should be at this time, under this vote, a declaration by the minister, indicating something of the long-term policy of the government with regard to a general survey of the dominion for metals, the intensification of activity in the development and discovery of our metal resources, to the end that when the war is over, this very important source of our wealth will be available in greater measure for post-war purposes. The vote this year is considerably reduced. I know that the government of Saskatchewan has asked consideration of the department in this connection; and I cannot understand why it is that, when we have the potential resources, when, according to the surveys made by the western provinces, we have the strategic metals which the minister mentions, such as chromium, manganese, molybdenum, tin, and possibly tungsten—

Mr. HOWE: Where is the manganese located?

Mr. DIEFENBAKER: After all, if the minister knows where it is located, and there is none located in the west—

Mr. HOWE: None in Canada that I know of.

Mr. DIEFENBAKER: I am referring to returns of provincial governments. At any rate, I suggest that we have a right to ask for a share of this vote. I say, too, that there should be an extension of the grant asked for this year. The sum of $500,000 was small enough. We should have an extension to the end that we might encourage exploratory work now and train men coming back from overseas to fit them for this very important phase of endeavour, to secure in an ever-increasing measure this potential of great wealth. The minister said that he could not very well declare the policy of the government except on his civil estimates. These estimates give him an opportunity to do so. These estimates will indicate whether or not, in the midst of war, and as a part of the war vote, the government is looking forward to the future, after the war, to secure the employment of many men who will be returning from overseas and who will require jobs. If we are to answer those who

say that jobs cannot be procured under the present system, we must now be in a position of having a post-war plan established so that jobs shall be made available. This is one potential source of jobs, mineral development in Canada. We have potential resources in western Canada and an unequal economy there as at present constituted; and on behalf of western Canada I ask the minister this question: Will he not this year give the three western provinces an opportunity to share in the discovery, and in exploratory work incident to the finding, of these minerals, so that our economy may be developed on a wider and more comprehensive basis than in the past? In that connection I suggest that the department give to the Department of Finance suggestions in regard to relief from taxation to a greater extent than prevails to-day for the benefit of those who are prepared to gamble their wealth and financial future on exploratory work in the finding and development of mineral resources. Taxation as it now stands prevents the development of our mineral resources as we would wish them to be developed. It denies to the adventurer the willingness to gamble on uncertain profits. It denies the development we have at our door if we but took advantage of the opportunities that are ours. Through this vote, with the minister's cooperation, much good would result if he would be willing to give all the provinces—not only one or two of them but all of them—an opportunity to join in the development of our mineral resources through the extension, expansion and discovery of those resources. Only in that way may we be sure, particularly in this one phase, of greater employment after the war than there was before the war.

Mr. CRERAR: The first comment I have to make is that the hon. member for Lake Centre has not displayed the clarity he usually brings to bear in his contributions to the debate in this chamber.

Mr. SLAGHT: A little louder, please.

Mr. CRERAR: For the benefit of those hon. members who did not hear me I shall repeat what I have said. I am afraid the hon. member for Lake Centre has not brought to the discussion of this item the clarity he usually displays when he discusses matters in this house, and I think also he has confused this estimate with the ordinary civil estimates of the department. I am just as anxious as my hon. friend is to see mining development in the western provinces, but Alberta does not have within its borders any of the pre-Cambrian shield. The northern part of Saskatchewan has a substantial area of what is known as the great shield, and of course Manitoba has a much larger area.

My hon. friend seemed to be under the impression that under this vote we send out parties to search for strategic minerals. That impression is wholly wrong. This amount is put in here to be available to meet requests from the metals controller for the exploration or development of properties that may come to his notice. I sympathize wholly with my hon. friend's appeal that a substantial part of this money should be devoted to northern Saskatchewan, for instance, but we do not know whether there are any strategic minerals in northern Saskatchewan, and the purpose of this vote is not to discover strategic minerals. Its purpose is to provide for the exploration and investigation of proposals or suggestions that may come to the metals controller in regard to properties that already exist. Thousands of properties are registered; thousands of claims have been staked by prospectors and others who have no capital with which to develop them. A prospector may have a claim registered in Ontario, or northern Saskatchewan, or somewhere else. He will say, "I have tungsten on my claim". His reports are examined; his story is listened to, and if the metals controller is convinced that there is a reasonable possibility of getting tungsten from that claim the matter is investigated. The cost of that investigation is chargeable to this vote, and that is the sort of thing this vote is for.

Mr. GREEN: Is none of the money spent for prospecting?

Mr. CRERAR: No. Under this vote we do not prospect for properties, nor do we carry on geological surveys. Such surveys are carried on under the ordinary estimates of the Department of Mines and Resources.

Mr. GRAYDON: Why do you have an item in here for exploration when you do not explore?

Mr. CRERAR: My hon. friend is quite mistaken in his understanding. Let me illustrate. A prospector in northern Ontario comes to the metals controller and says, "I understand you are in very great need of tungsten?" The metals controller replies in the affirmative. Then the prospector says, "Well, I have several claims staked in such a township, and I have strong evidence of tungsten on that property." The metals controller listens to him, and perhaps has him tell his story to the technical men of the Department of Mines and Resources. If the metals controller is convinced that the property is worth exploring

—and that is what I mean by "exploring"—the work can be undertaken and is chargeable to this vote.

Mr. DIEFENBAKER: That is my complaint, that you cannot convince the metals controller that Saskatchewan and Manitoba have these resources.

Mr. CRERAR: I would not say that.

Mr. HOWE: Saskatchewan and Manitoba are the biggest producers of base metals of any of the provinces, in proportion to area.

Mr. DIEFENBAKER: Yes, developed by themselves, by private industry.

Mr. CRERAR: A moment ago my hon. friend asked me about Manitoba. There are chrome deposits in Manitoba, though so far not a great deal is known about them. There are evidences of tin in places in Manitoba, and I am told that evidence of tungsten has been found there as well.

Mr. MacNICOL: Up on lake Athabaska.

Mr. CRERAR: That is not in Manitoba, and I am speaking of that province. Several of these possibilities have been investigated under this vote. If a prospector came along with information in regard to claims that he had registered in northern Saskatchewan, and convinced the metals controller that he had a property worth investigating or exploring, to use the language of the vote, it would be investigated. That is the purpose of this vote. The ordinary business of development, of geological surveys, of mapping surveys, the work done in the mines bureau—all that comes under the civil estimates of the department. These are special votes provided to meet possible demands that may arise during the coming year for further investigation of these strategic minerals, and should not be confused with the ordinary estimates.

My hon. friend raised the question of the taxation of mines. Perhaps that question could be better discussed when the budget is brought down. If I were to express my own personal view, I think taxation in nearly all respects is too high to-day; and I have said publicly within the last two years that in a peculiar way it is onerous and heavy on mining development. If we are to secure the mining development that is possible in this country I think that matter must have attention, and I do not for a moment disguise my opinion.

As far as returned men are concerned, certainly they should be given every opportunity. I did not quite understand the point my hon. friend was making in that connection; I do not know whether he was suggesting that the government should engage these men and send them out as prospectors, with the idea of getting into governmental development of mining. I believe the part of the government is to provide all possible facilities; that is, the geological surveys and information, the mapping surveys, and all the necessary technical knowledge which may be made available to the prospector, so that he can study it and go out on his search for metals. I feel sure that a great many of the men coming back from overseas will want to return to mining, because I doubt if enlistments in any other branch of our economy were heavier than in the mining districts.

Mr. SLAGHT: Hear, hear.

Mr. CRERAR: When those men come back they will probably go to those districts and we want to have as complete information as possible ready for them so that they will be able to expend their efforts on prospecting in a way that will help.

Mr. MacNICOL: I have a recollection of receiving from a man living west of lake Winnipeg in Manitoba a letter giving information about manganese. The hon. member for Lake Centre mentioned manganese and the Minister of Munitions and Supply stated there was none in Canada. As I recall it, I sent this letter to the Department of Mines and Resources asking them to write to this man and tell him where he could make a sample shipment of manganese. Having been in the iron and steel business I was interested in this matter, because I know how important manganese is to the industry. I am sorry I did not follow the matter up and I have no recollection of having heard from him again. Perhaps the minister could tell us if there is any manganese in northern Manitoba.

Mr. CRERAR: There is some evidence of what is known as bog manganese, but I am quite frank in saying that I do not know anything about it. It is found, not in rock formation, but in other forms. Several of these deposits have been examined, but they were found to be low grade and would not be practicable for the production of manganese.

Mr. GREEN: This vote is one method under which development work for the supply of strategic minerals could be carried on. I understand that this work is also carried on by means of advances made by the Metals Reserve Corporation of the United States. The minister can correct me if I am wrong in that. Could he tell us whether there are any other means by which mining development is encouraged, and could he give us some

idea as to the amount of money spent under the different methods? We are going to spend only $60,000 under this vote, and I should like to know what has been advanced by the Metals Reserve Corporation and from other sources.

Mr. HOWE: Companies like Flin Flon, Consolidated Smelting and International Nickel carry on private operations and they sell their products at world prices. At one time there was an urgent demand for zinc and copper, and the result was that certain low grade zinc and copper deposits were opened up. These required a much higher price than was paid for the output of our commercial mines. Canada had a surplus of those metals and there was no need of our paying a higher price, but the Metals Reserve Corporation of the United States did have a higher price for zinc and copper. That is, they had a commercial price and they had another price almost twice as high for marginal properties. They placed a few contracts in Canada for high-priced zinc and copper.

Mr. GREEN: Were they placed through the metals controller?

Mr. HOWE: Yes; they asked us to act as their agents. Those high-priced contracts were cancelled.

Mr. GREEN: Was tungsten in the same category?

Mr. HOWE: We developed tungsten on our own, not for the Metals Reserve. Zinc came into easy supply and the high cost contracts were cancelled recently. Certain high-priced copper contracts are being continued. There are other ways of developing. We have a corporation known as Wartime Metals Limited. It has advanced a certain amount to a tungsten mine in British Columbia, to a chrome mine in the eastern townships in Quebec and to certain other mines. These properties have been financed as mining operations. All these strategic metals have come into excess supply since we have had amazingly favourable results in our search for rare metals. They were found in ample supply, and some of the properties opened up by Wartime Metals have been closed because the product is no longer required. One small property got into production through the vote we are now discussing. Another was developed by Wartime Metals Limited, and then there were the high-cost operations, a few of which were financed by the Metals Reserve Corporation.

Item agreed to.

[Mr. Green.]

Assistance to provincial governments in construction of transportation facilities into strategic mineral, including oil, properties, $75,000.

Mr. GREEN: Will the minister explain how much of this vote was spent last year and why it has been reduced from $200,000?

Mr. CRERAR: The vote last year was $200,000, of which $128,300 was expended. According to the notes I have here, $73,818 was expended in connection with the development of the Kam-Kotia copper mine west of Timmins.

Mr. GREEN: About half the vote.

Mr. CRERAR: A little more than half.

Mr. GREEN: Was that spent on a road?

Mr. CRERAR: Yes. This was a copper property being developed in that area. It was a three-way split. The Hollinger mine, which was developing the Kam-Kotia property, put up one-third; the provincial government put up one-third and the federal government one-third. Then assistance was granted in Quebec for the construction of a road into a zinc property on Calumet island, and for a road into the Sterret property near Richmond. An amount of $1,503.57 was spent in connection with a mica mine in Mattewan township, Ontario; in Quebec, for road from Pressiac village to Indian molybdenite mine, $2,427; for the Calumet zinc mine road, $11,759; for the Sterret chromium mine road, $1,301, and for the Cadillac-St. Maurice road, $30,974.

Mr. GREEN: Those are in Quebec?

Mr. CRERAR: Yes; those are in Quebec. Then, in British Columbia there is the Twin J mine road, at $2,991; and the Bralorne mercury mine road, $3,523. That is for a mercury mine that the Bralorne people control.

Mr. GREEN: On what basis are those amounts spent?

Mr. CRERAR: In practically all cases I am advised the mine made a contribution of one-third, the province a third and the federal government a third. There may be a few instances where the expense was shared between the provincial and federal governments.

Mr. GREEN: On whose recommendations are expenditures made? Is it the recommendation of the metals controller?

Mr. CRERAR: They are made on the recommendation of the metals controller.

Mr. GREEN: How is the money to be spent this year?

Mr. CRERAR: We are appropriating $75,000 this year to meet requests that might come along from the metals controller. I would impress upon the committee that there is one difference between these estimates and ordinary civil estimates. Civil estimates are prepared for particular projects. On the other hand, in respect of war estimates one simply draws out of the war appropriation a certain amount so that it may be made available to meet a need should it arise during the year.

Mr. GREEN: The minister does not expect as heavy a demand this year as there was last year?

Mr. CRERAR: No; we think $75,000 will cover it.

Mr. NEILL: May I ask if that expenditure at the Bralorne mine produced any mercury?

Mr. CRERAR: Yes, it has produced mercury. I have asked my officer if he could tell me the amount, but he has not that information with him.

Mr. NEILL: I might add that for at least forty years I have been familiar with a mercury mine in my district, which is only a stone's throw from deep water. We would not have needed to spend $72,000 to get mercury out of it. It is easily accessible in Barkley sound. I know of my own knowledge that there is mercury, because it was worked in a very primitive way. They had trouble with the Chinamen who did the work. The mercury affected their teeth. The teeth got loose, and dropped out. But why the government needed to spend $72,000 to get mercury in Bralorne, when it was available right there, at the water's edge, I do not know.

Mr. CRERAR: Where is that located?

Mr. NEILL: In Barkley sound, on the west coast of Vancouver island. It is a place called Sechart.

Mr. CRERAR: I shall inquire about that. The director has no recollection of its having been brought to the attention of the department. I do not know whether it has been called to the attention of the metals controller. However, inquiries will be made.

Mr. NEILL: The mercury is there, all right.

Mr. ESLING: Since the United States markets are closed to Canadian zinc, as a result of which contracts for production are cancelled on the four properties, as recently announced by the department, what market is there for the disposition of Canadian zinc by the Slocan producers of lead and zinc ores?

Mr. CRERAR: I understand that my hon. friend is inquiring what market may now be available for ores from certain mines which hitherto have been shipped to the Metals Reserve Corporation in the United States. I am unable to say. The metals controller of the Department of Munitions and Supply might be able to give information on that.

Mr. ESLING: As the minister knows, the only outlet for Canadian zinc other than that which goes to the British government, has been in the United States market. Now, apparently the United States market is fully supplied, by reason of which fact these contracts were cancelled with the Quebec properties, and the Kootenay-Florence in British Columbia. There are a number of small producers of lead and zinc ores. Where is their market? I am just wondering if some arrangement cannot be made for marketing those ores somewhere?

Mr. CRERAR: I regret I cannot give my hon. friend much information on that. I know that through the agency of the Department of Munitions and Supply certain mines were reopened for the production of concentrates for shipment to the Metals Reserve Corporation of the United States, when zinc was very badly needed. I understand that in some instances that corporation has terminated its arrangements.

Mr. ESLING: In practically all instances. That is the reason why I asked.

Mr. CRERAR: They have terminated these contracts. Why they have done so, I cannot say. I can only assume they have done so because their zinc situation is easier in supply. What may be done to keep these mines in operation, I am not in a position to say. I do not think at the moment there is any other market, so far as I am aware, for these concentrates, other than that in the United States. Perhaps my hon. frieind might discuss the matter with the Minister of Munitions and Supply, and get some information from him.

Mr. ESLING: One naturally looks to the Minister of Mines and Resources to tell the public what market there may be, or if there is not to be a market, or if all lead and zinc mines are to be closed definitely and permanently.

Item stands.

Progress reported.

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

Friday, May 26, 1944

The house met at three o'clock.

WORLD MONETARY CONFERENCE

REPORT AS TO MEETING CALLED BY PRESIDENT ROOSEVELT FOR JULY 1

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, it is reported to me that over the radio to-day it was anounced that President Roosevelt has called an international monetary conference for July 1, 1944. Will the Minister of Finance tell the house not later than Monday: first, whether or not Canada has been invited to this conference; second, whether or not, if invited, Canada has accepted the invitation; third, whether or not the Canadian delegates, if Canada should send such, will be told that they shall have no power to commit Canada to any international monetary agreement until after such agreement shall have been subjected to the maturest consideration by the parliament of Canada?

Hon. J. L. ILSLEY (Minister of Finance): I will answer on Monday.

SELECTIVE SERVICE

PRESS REPORT AS TO ASSURANCE OF PERMANENT EMPLOYMENT TO LABOUR TRANSFERRED TO PACIFIC COAST

On the orders of the day:

Mr. THOMAS REID (New Westminster): I desire to ask the Minister of Labour a question based on a press dispatch to the effect that national selective service is endeavouring to procure help from other provinces for work in industry on the Pacific coast, with the assurance given them of permanent employment following the end of the war. My question to the minister is: Are such steps being taken, and if so, is the same guarantee being given to all those who have left British Columbia?

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I am not responsible for any statement in the press. There is of course a considerable movement up and down the country under the direction of national selective service; that is inevitable under war conditions and with the civilian labour situation as it is at the moment. I have no knowledge of any guarantee being given as indicated by the hon. member with respect to permanent employment when the war is over.

[Mr. Esling.]

STATEMENT OF MR. MACNAMARA—MAN-POWER SHORTAGE

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I wish to direct some questions to the Minister of Labour concerning the lengthy statement given yesterday, as reported in the Canadian press, by Mr. MacNamara, the director of national selective service. No doubt the interview or statement is known to the minister. In the statement it is said that having regard to Canada's position to-day the number in the armed forces or gainfully employed "is just about as high as we can expect to go." Then it goes on to state that certain things are to be done by the department shortly. The questions I would ask the minister are these: In view of the declaration of Mr. MacNamara, do the surveys of the department indicate that there is any hoarding of labour on a large scale? Mr. MacNamara says that measures are to be taken in order to comb out those who have been hoarding labour. What industries are to be affected by further compulsory orders about to be issued, as stated by Mr. MacNamara? Does the statement I quoted a moment ago indicate that it is the intention of the government—

Mr. SPEAKER: Order. The hon. gentleman has laid the foundation for his questions, and I think he should now put them.

Mr. DIEFENBAKER: Does that statement indicate that Canada has come to a point about as high as we can expect to go in manpower and that there is to be no change in the matter of call-ups under the National Resources Mobilization Act?

Hon. HUMPHREY MITCHELL (Minister of Labour): Answering the last question first, no change is contemplated at the moment in the call-ups under the National Resources Mobilization Act. As I indicated when my estimates were before the house, we have a staff who are continually combing the industrial and commercial structure of the country for additional recruits for the army, and we have in motion also a policy of direction, transferring men from less essential to more essential industries. That is going on continuously. It is a day to day administrative policy. As regards the question of additional compulsory transfers, that has not been finalized at the moment, and I do not think I can go further than that at present.

Mr. DIEFENBAKER: May I ask one supplementary question? Was Mr. MacNa-

mara stating what is a fact when he said that to-day Canada faces its most acute man-power shortage?

Mr. MITCHELL: I think that is generally understood. Most grown-up men know that.

FRESH FRUIT

PRICE CEILING ON BRITISH COLUMBIA STRAWBERRIES AND RASPBERRIES

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): I desire to ask a question of the Minister of Finance on a matter which affects fruit growers not only in my riding but in the entire province of British Columbia. I directed a question to the minister some three weeks ago, and again on the 24th of this month, in connection with the picking and disposal of strawberries and raspberries—particularly, at that time, strawberries. Under the present price set-up as established by the board it is impossible for the berry growers to arrange for the picking and salvaging of the crop. I would ask the minister, in view of the seriousness of the situation, and the fact that, with a seasonal crop like this, an immediate or a very early decision is necessary, and the price set by the board makes it uneconomic to pick the crop: First, what provision is being made to have the crop picked and so avoid waste, and, second, will the government give immediate consideration to modifying the administrator's order No. A-1224? The matter is of urgent importance to us in British Columbia?

Mr. D. C. ABBOTT (Parliamentary Assistant to the Minister of Finance): Perhaps I might answer that question. Ceiling prices for strawberries were fixed, as my hon. friend has indicated, by administrative order No. A-1224, which was published, I think, on Monday of this week. I understand from my hon. friend that in zone 3, which includes British Columbia, the price is alleged to be not sufficient to cover the cost of production. My hon. friend has asked what the government proposes to do about that: is that correct?

Mr. CRUICKSHANK: Correct.

Mr. ABBOTT: I received notice of his question a few minutes before coming into the house. I got in touch with the administrator of fruits and was informed that last year, when no ceiling prevailed, the price was higher than the price which has been fixed this year. The price fixed this year is ninety per cent higher than the average for the years 1938, 1939, 1940 and 1941, and it is felt that it is sufficient to provide an adequate return. That is the only answer I can give to my hon. friend's question, but I shall be glad to bring his further representations to the attention of those concerned.

Mr. CRUICKSHANK: I would point out that it is of vital importance that we should know when this decision will be given.

Mr. ABBOTT: My information is that one of the leading grower organizations of British Columbia was written to to-day in reply to certain representations which had been made setting forth in substance what I have said here, that the ceiling price set is felt to be adequate, and there is no indication at the moment that the price will be changed.

EXCISE ACT

PROSECUTIONS IN PRINCE EDWARD ISLAND—ANSWERS TO QUESTIONS ON MAY 25

On the orders of the day:

Hon. R. B. HANSON (York-Sunbury): Mr. Speaker, yesterday, on a question of privilege, I adverted to the fact that, with respect to questions 9, 10 and 11, which I had on the order paper on May 16, the Minister of National Revenue (Mr. Gibson), answered only four questions in a series of twelve, leaving eight unanswered, with the notation that it is not considered to be in the public interest to answer these questions at the present time for the reason that the case is still before the courts. That, by some stretch of the imagination, might be applicable to questions 8 and 9, but I do submit that I am entitled to answers to questions 5, 6, 7, 10, 11 and 12. I want to know what counsel fees have been paid to date in relation to these cases; what witness fees have been paid to date; what other costs have been paid. Then I do want to know whether the attorney general was requested to prosecute these cases and whether he acted, and has there been more than one trial of these cases and, if so, how many. Then finally and vitally, why were the proceedings taken by way of indictment instead of by summary conviction under the appropriate part of the criminal code. I am entitled to answers to these questions.

Hon. C. W. G. GIBSON (Minister of National Revenue): When the hon. member was speaking on this matter yesterday I did not notice that he said:

> I am entitled to have that information notwithstanding that the case may be under appeal.

I would point out that these cases are not under appeal. The cases came on for trial

before a jury some time ago; I understand that the jury disagreed, and the cases are coming on for trial again next month. It is considered not to be in the public interest that the answers asked for should be made public at this time just before a jury trial. While there is no objection to the hon. member himself having that information, I do not think it should be made public property at this time.

Mr. HANSON (York-Sunbury): I respectfully dissent from the whole attitude of the minister. What possible effect could the cost of these trials to the public have on an approaching jury trial?

ANSWERS TO QUESTIONS

FURNISHING OF INFORMATION TO MEMBERS PRIVATELY INSTEAD OF PUBLICLY

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): I should like to ask the Minister of Finance a question based on a statement made by the Minister of National Revenue. On April 24, at page 2280 of *Hansard* I asked a question about subsidies. The Minister of Finance said that he did not think it was in the public interest to give the information and I then asked this question:

And after that, would there be any harm in showing me privately to whom these are paid?

The minister said:

I do not like the latter part of the suggestion.

I replied: "It has been done before." The minister said:

I really do not like it, because I do not think it is fair to other hon. members.

To-day the Minister of National Revenue suggested to the hon. member for York-Sunbury (Mr. Hanson) that he would show him the information privately. What is the difference between the two questions? Why should one hon. member receive the information privately and not another?

Hon. J. L. ILSLEY (Minister of Finance): Each minister administers his own department and must take the responsibility for the practices he favours and adopts; and it is possible that my colleague and I have different views as to what should be done in the same situation. It is possible also that these are different situations.

Mr. HANSON (York-Sunbury): What are the rights of the members of parliament; that is what I should like to know?

Mr. FRASER (Peterborough West): Then the Minister of Finance suggests what the Minister of National Revenue says is unfair.

[Mr. Gibson.]

LABOUR CONDITIONS

MACDONALD BROTHERS AIRCRAFT PLANT, WINNIPEG

On the orders of the day:

Mr. S. H. KNOWLES (Winnipeg North Centre): I should like to direct to the Minister of Munitions and Supply a question, notice of which I sent him earlier to-day. Has the minister received from the Winnipeg city council a copy of a resolution adopted at its meeting of last Monday evening, expressing concern over the large-scale lay-offs that have taken place recently at the MacDonald Brothers Aircraft plant, and asking the minister to investigate the possibilities of allotting to this plant contracts for other types of planes to replace the previous order allotted to this firm? If so, can the minister indicate what action may be expected in connection with this request from the Winnipeg city council?

Hon. C. D. HOWE (Minister of Munitions and Supply): I have not received the resolution of the city council but I have a letter from MacDonald Brothers Aircraft Limited referring to the matter, which I should read. It arrived on my desk to-day:

The Honourable C. D. Howe,
Minister,
Department of Munitions and Supply,
Ottawa, Ontario.

Dear Sir:

Enclosed herewith please find a clipping taken from the Winnipeg *Free Press* of May 23, 1944.

To-day we made a statement to our employees concerning this matter. A copy of this statement, and a letter to the Managing Editor of the paper is enclosed.

A similar report was published in the Winnipeg *Tribune* and we have sent a copy of our statement with a covering letter to the editor.

The following is the letter to the Managing Editor of the Winnipeg *Free Press* and the Winnipeg *Tribune*:

We wish to direct your attention to a press report of the last city council meeting. Statements were made that the airport division of this company would close down in June next due to lack of aircraft work. This statement is entirely wrong and we wish to bring to your attention the attached statement of fact which was given to our employees to-day.

We know that this statement will clear up any doubts in the minds of men and women who work for the company, and we are relying on the press to inform the public. We know that you appreciate the serious consequences which can ensue from the publication of misleading reports affecting the employment of large groups of men and women, particularly in war time, and would ask you to give the same prominence to this statement as to the original press report.

The following is the statement to the employees:

Many of you have seen a press report of the last meeting of the Winnipeg city council which appeared in last night's papers. This press report indicates that this plant will be closed down on June 15 next due to lack of work.

It is very regrettable that this misleading information has been published in the press because it can do a great deal of harm when all the facts are not known.

I wish to be most emphatic in stating that the information concerning the closing of the plant, as reported in the press, is erroneous.

It is quite true that a considerable number of employees were laid off at the airport division and as our employees know, this lay-off was entirely from the overhaul department due to a curtailment in the use of the Anson Mark I aircraft. You also know that we have manufactured a large number of Anson II's and are at present working on the Anson V programme. Both of these later type machines will substitute for the original Anson I. The Robinson street and float departments are engaging men and in the near future will require an additional three hundred employees in order to cope with the amount of work now outstanding. For the float division, Robinson street division and airport division we have orders on the books which will carry us through at least until the fall of 1945.

Due to factors beyond our control, it was necessary to reduce the overhaul staff at the airport division in proportion to the amount of work which we now contemplate doing for the overhaul division of the Department of Munitions and Supply. We have orders from the Department of Munitions and Supply for ten overhauls per month and this will probably be increased around September or October.

I wish again to emphasize the fact that there is no foundation in fact for the report that this plant will close down on June next and also to emphasize that we have contracts with the Department of Munitions and Supply which cannot be completed before the fall of 1945.

With that as a text I should like to say that we are suffering very greatly from statements of public men, whether in city council, provincial legislatures or particularly in this parliament, referring to the closing down of plants, when there is no foundation in fact for such statements. I sincerely wish that hon. members would not casually read an article in the press and then rise in the House of Commons and announce that a plant is to be closed. It causes a great deal of unrest in the plant. We have had the same thing happen during the last eighteen months with regard to various plants. I sincerely hope that my hon. friend will not ask a question of that kind again before finding out privately if there is something in the statement.

Mr. KNOWLES: I should like to say that I appreciate the statements the minister has made, which set aside any rumours regarding the closing down of the plant; but in connection with the rebuke he endeavoured to give me I should like to point out—

Some hon. MEMBERS. Order.

Mr. KNOWLES: On a question of privilege, Mr. Speaker, I ask for the right to point out that my question did not refer to any rumours as to the closing down of the plant—

Some hon. MEMBERS: Order.

Mr. KNOWLES: —I asked only about lay-offs taking place.

Some hon. MEMBERS: Order.

OTTAWA PAINT WORKS—CONDITIONS UNDER WHICH MEN ARE REPLACED BY BOYS

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I should like to direct a question to the Minister of Labour regarding sweat labour in Ottawa. I am informed that men at the Ottawa Paint Works who earn an average of fifty cents an hour were replaced by boys of about eighteen who were paid $15 a week; that their job is to load and unload barrels of white lead weighing three or four hundred pounds, and that those boys are frozen on the job. If that is the case, it is just sweat labour and I ask the minister to investigate it at once. Would the minister be kind enough to tell me if he will investigate the case?

Hon. HUMPHREY MITCHELL (Minister of Labour): Yes.

PRIME MINISTER CHURCHILL

SUGGESTED PUBLICATION IN "VOTES AND PROCEEDINGS" OF SPEECH OF MAY 24

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Yesterday I asked a question about the publication of Mr. Churchill's speech of the day before in *Votes and Proceedings*. Can the Minister of Mines and Resources give me any information in that regard?

Hon. T. A. CRERAR (Minister of Mines and Resources): When my hon. friend brought this matter up yesterday I asked that it stand until to-day. I have been a bit remiss in my duty. I was engaged in the house yesterday and omitted to mention the matter to the Prime Minister. I do not think the matter has come to his attention. I think before the rather novel procedure as suggested by my hon. friend is adopted perhaps the Prime Minister should give some consideration to it. I promise to make a reply on Monday.

CIVIL AVIATION

INQUIRY AS TO ENLARGEMENT OF STEVENSON FIELD

On the orders of the day:

Mr. S. H. KNOWLES (Winnipeg North Centre): I should like to direct a question to the Minister of Munitions and Supply which differs from the question I asked a few moments ago. Has the minister received from

the St. James-Winnipeg airport commission a further proposal for the enlarging of Stevenson field to meet both war-time and post-war needs? In view of the importance of this airport to the whole of Canada, will the minister indicate—

Some hon. MEMBERS: Order.

Mr. KNOWLES: —whether consideration is being given—

Some hon. MEMBERS: Order.

Mr. KNOWLES: —to the granting of approval to the commission's plans?

Mr. SPEAKER: The hon. member must place that question on the order paper.

SUPPLY

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of supply.

Motion agreed to and the house went into committee of supply, Mr. Bradette in the chair.

Mr. ILSLEY moved:

Resolved, that a sum not exceeding $46,331,283.90, being one-sixth of the amount of each of the several items to be voted, as set forth in the estimates for the fiscal year ending 31st March, 1945, laid before the House of Commons at the present session of parliament, be granted to His Majesty, on account, for the fiscal year ending 31st March, 1945.

He said: With the consent of the leaders of the different groups we are to vote interim supply, one-sixth.

Mr. GORDON GRAYDON (Leader of the Opposition): Before the resolution carries may I ask the minister for the customary undertaking which the minister and the government always give when interim supply is asked for and granted, namely, that it is given without prejudice to the rights of the hon. members of this house to discuss and deal with any item covered or partly covered by this vote, as the item comes up in the general estimates; in other words, that we shall be as free after this vote passes as we were prior to its passing to discuss the general estimates.

Mr. ILSLEY: Yes, I give that undertaking.

Resolution reported, read the second time, and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of ways and means.

[Mr. Knowles.]

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

Mr. ILSLEY moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1945, the sum of $46,331,283.90 be granted out of the consolidated revenue fund of Canada.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce bill No. 111, for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1945.

Motion agreed to and bill read the first time.

Mr. ILSLEY moved the second reading of the bill.

Mr. GRAYDON: In view of the fact that copies of the bill have just been delivered to us, will the minister give an undertaking that the bill now in our hands is in the same form as the previous interim supply bill? I do not desire to hold up the bill, but for our protection I should like to have that undertaking.

Mr. ILSLEY: Strangely enough I hesitate to give that undertaking without seeing what was done at the time it was passed, for I was away then. This cannot be in anything but the same form, as far as I can see. Certainly I believe it to be in the same form. It is very simple; I think I would be safe in giving that undertaking, but I should like to compare it with the other bill before doing so absolutely.

Mr. COLDWELL: The amount is $46,331,283.90?

Mr. ILSLEY: Yes.

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

Bill reported.

Mr. ILSLEY moved the third reading of the bill.

Mr. GRAYDON: Once more I rise to the point I mentioned a moment ago; that is, in connection with the form of this bill. Has the minister the number of the previous bill, so that a comparison may be made before third reading is given? I would not care to consent to the third reading of this bill until we have had an opportunity of at least seeing that the form is in order.

Mr. ILSLEY: The Clerk of the House informs me that it is in exactly the same

form as the other bill. I have not compared it myself, but on his undertaking I will give the assurance that the form is the same. It cannot be anything else.

Mr. GRAYDON: I have not been able to find the other bill on my file; however, on the undertaking of the minister that this bill is in the same form as the previous bill I am prepared to agree to third reading. The responsibility now becomes his rather than mine, and that is exactly where I want the onus to rest.

Mr. CHURCH: This is the sixty-sixth day of this session. Now parliament is being asked to grant more interim supply for two more months, which will bring us beyond the end of June. In other words half our annual expenditures will have been made, and the detailed statement will not be presented to the house until the 15th day of next session. This is a most unusual procedure; half the annual expenditure will be made without this house having any control over one cent of it. The budget should have been brought down before bringing in a bill like this. We are just holding as a house a post-mortem on these expenditures after the money is passed.

Motion agreed to and bill read the third time.

Mr. ILSLEY moved that the bill be now passed and that the title be as upon the order paper.

Mr. GRAYDON: A copy of bill No. 65, purporting to be the bill passed by this house on March 30, 1944, has been put in my hands. I have one objection to make; the bill now before us has no schedule, while the other bill has. In my opinion a bill without a schedule is not a proper bill to bring into the house at this time. I think perhaps in giving his undertaking the minister did so sight unseen, and I should like to have these things regularized if possible. I do not want to be put in the position of quibbling about details of this kind, but we are letting this bill go through without debate in order to facilitate the business and I think we are at least entitled to have the bill in regular and proper form.

Mr. KNOWLES: I think the bill to which the leader of the opposition is referring must be the bill dealing with the supplementary estimates for last year rather than the bill granting interim supply for two months of this year, which is what we are dealing with now.

Mr. GRAYDON: I think the hon. member is right, but this is the bill that was given to me, and it is not the same as the bill we are now being asked to pass. Now I have been given a copy of bill No. 53, which appears to be the same, and I am quite satisfied.

Motion agreed to and bill passed.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Thursday, May 25, consideration in committee of a resolution to grant to His Majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

MINES AND RESOURCES

Mines and geology branch—Assistance to provincial governments in construction of transportation facilities into strategic mineral, including oil, properties, $75,000.

Mr. NEILL: Mr. Chairman, I would like the minister to give us some information on this vote and tell us why it has been so greatly reduced. This is a very valuable form of assistance that can be given to mineral development. I recall that, in the district I represent, some years ago a prospector found ore in the Zeballos valley so rich he could make wages packing it out on his back over the mountains and along the beds of rivers. Then this government aided by the provincial government gave a considerable sum to make a road up that valley, which not only affected this man's holdings but meant that a number of others were developed. Inside of a year or more four stamp mills were running in that district. The stamp mills crush the rock. The ore was very rich and the development was very successful. I remember that one mine was turning out $160,000 of gold a month, and as I say four stamp mills were running there in that small area—a situation that hardly could have been found in Canada before. The money that was granted by the dominion government, aided by the provincial government, helped that enormous development to take place. I would like to see that form of assistance continued, but I see that the vote is cut down from $200,000 last year to $75,000 this year. That will not go far in making roads through mountains. Mineral is almost always found in rock, not in a potato field, and rock is generally associated with mountains. To make a road with bridges through the mountains is very expensive. The sum of $75,000 would not make much more than eight or ten miles of mountain road.

That would be of very little assistance in promoting any substantial development. Would the minister say why this vote has been cut down so much?

Hon. T. A. CRERAR (Minister of Mines and Resources): I think the point raised by the hon. member for Comox-Alberni is a pertinent one. The amount provided last year was $200,000, and the actual expenditure was $143,000 odd. This vote is to meet requests that may possibly come in from the metals controller for assistance in getting roads built into places where strategic minerals are found. It is not to assist in the ordinary mining development of the country at all. This is a war vote. It may be that this amount will not be required this year; on the other hand, over $75,000 may be required, in which event we would have to find ways and means of getting it somewhere out of the war appropriation. I wish to impress on the committee that while these are estimates they are really very little more than shrewd guesses as to what may be required.

Mr. HANSON (York-Sunbury): They are something more than tokens, are they not? You are going to spend some money, are you not? And where?

Mr. CRERAR: We may not spend any of the money. I explained to the committee yesterday on another vote that these items are included in the estimates to meet possible requests from the metals controller for assistance in developing certain strategic metal mines.

Mr. NEILL: What is a strategic metal?

Mr. CRERAR: They are the ones we discussed yesterday, such as tungsten, chromite, molybdenite, manganese if it were found, fluorspar, mercury, and others. It may be that in the course of this year some prospector who has staked a claim in one of the provinces or some company that has a claim staked may come to the metals controller and say, "We have a property that may be valuable in producing tungsten,"—or it may be some other metal required in the war effort—"but we need assistance. We think it is worthy of your examination." The metals controller makes an investigation, and if he thinks the property warrants further exploration; we have made provisions for that.

Mr. NEILL: In that case gold would not be a strategic metal?

Mr. CRERAR: No.

Mr. NEILL: Will there be a similar vote in the ordinary estimates?

[M. Neill.]

Mr. CRERAR: I think not this year.

Mr. NEILL: Why not?

Mr. CRERAR: I will come to that in a moment. I was giving an illustration. Suppose the metals controller finds that the property is worth developing but that transportation facilities are required; the amount could be provided out of this vote.

Mr. HANSON (York-Sunbury): Have there been any requests for assistance this year under this vote?

Mr. CRERAR: Not up to the present time.

Mr. HANSON (York-Sunbury): Then of course this is just an enabling vote which may or may not be used?

Mr. CRERAR: Quite so.

Mr. HANSON (York-Sunbury): Has the government through its own motion or through the metals controller investigated the supplies of strategic metals? I have in mind tungsten. There is in the county which I have the honour to represent, to use the language the hon. member for Queens-Lunenburg used recently, a very large deposit of tungsten at Burnt Hill mountain. In the last war some development of that deposit took place; has it been called to the attention of the authorities in this war, and if so have they done anything about it? I believe that the ore is of very high quality and there is an ample supply of it if it is capable of reduction. As a matter of fact, the development is one that I think the country ought to undertake. I have always been surprised that the provincial government did not do something about it. I must confess that my knowledge of the property is most superficial, but I am drawing the attention of the minister to the fact that there is a large deposit of tungsten in the parish of Stanley in the county of York which might be explored and, if it is of good quality, be made accessible—it is not at the moment. It might be an important contributing factor in the present war.

Mr. CRERAR: The deposit to which my hon. friend refers did come to the attention of the metals controller and was examined by him and by the officers of the mines branch of my department. It was one of a great many properties. The decision was not to go ahead with that particular one. I am not in a position at the moment to give the reasons why, but I presume other sources of supply were more readily accessible. The requirements for tungsten at the moment, according to the Department of Munitions and Supply, are not nearly so pressing as they were eighteen

months or a year ago. In other words, quite substantial quantities of tungsten have been developed and secured.

Mr. HANSON (York-Sunbury): In what part of the country?

Mr. CRERAR: In various parts. As a matter of fact some of the gold mines, such as Hollinger, find tungsten in with their ores. I am unable to state the quantity, but I know that fairly large quantities come from that source. Some comes from Nova Scotia and British Columbia.

Mr. HANSON (York-Sunbury): Would the minister be good enough to have his officers send me what they have in the nature of a report on the Burnt Hill tungsten deposit?

Mr. CRERAR: I shall have that sent to my hon. friend, if that will be satisfactory. The hon. member for Comox-Alberni raised the question of assisting in the development of gold producing properties. Commencing in 1936 and for several years thereafter a vote was provided in the estimates of the Department of Mines and Resources for assistance in developing transportation into mining areas. Substantial amounts were spent in conjunction with the provinces in carrying out that work. That vote was dropped at the commencement of the war or shortly after. There has not been the pressing need for gold in the last few years that there has been for many other metals, and so for the moment that has been put more or less aside.

My own opinion is that when the war is over and we come to times of peace the matter of the development of mineral areas, both in base and precious metals, should receive the serious consideration of whatever government is in power. During the depressed thirties there was no single industry that made such a contribution to maintaining the standard of economic wealth we had during those years as the mining industry. It was the one industry that expanded during those years and it continued to expand until the outbreak of war. In connection with base metals there has been a great expansion since the outbreak of war. When the time comes that the story may be told in full, the contribution made by the metal mines of Canada to the winning of the war will be recognized as a fine contribution indeed. I would hope that in the policies that may be developed when this wretched war is over the type of assistance referred to by the hon. member for Comox-Alberni will be taken up again. There is no question of its economic value to the country.

Mr. SLAGHT: I think the minister is right in reducing this item substantially, because, as the committee will note, it is to provide transportation facilities for strategic metals development. Last year two large companies, Hollinger in Ontario and Bralorne in British Columbia, were the recipients of the one-third which the government provided in connection with this work and which made up the $142,000 spent at that time.

Apropos of the question asked by the hon. member for Comox-Alberni about gold, the minister hoped that when the war is over any government in power would take up the stimulating of activities in the production of gold. I want to submit to the committee and for the consideration of the minister that we should not wait until the war is over to encourage prospecting for gold and the development of gold mines. I think the hon. member for Comox-Alberni will probably be with me in that view.

In the first two years of the war under the then minister of finance, the present Minister of National Defence, the gold mining companies of Canada were asked to step up their production to the highest possible degree. They put in new machinery and did everything to respond to that request. Additional production was needed because the Department of Finance was put to it to find gold in order to finance our war needs. Later on, under the liberal treatment that this country received from our neighbours to the south in assisting us in our great munitions production programme and furnishing us under a type of so-called lend-lease with the basic materials we were putting into the munitions we were sending to the mother country and other allies, the need for gold as a means of payment to Washington eased off very materially.

Drafts were made upon the men employed in the gold mines, and I think quite properly. An entirely different programme was adopted by the Department of Finance, and I think quite properly. They said, "We do not need gold with which to pay; we have better relations with our neighbours, and we are financing without the use of gold." It was said that the gold mining industry must bow to the manpower needs of base and strategic metals and other important war industries. Under that state of affairs one company with which I am acquainted has been operating with only twenty-seven per cent of their normal manpower.

Gold production in our country has fallen off, but to my mind that is not so alarming as the fact that the search for new gold mines and new base metals mines, the prospecting which is the very genesis of ultimate production, has also fallen off. That is to be expected, because the prospector is an adven-

turous and courageous man. I spent ten years of my life among these men in northern Ontario. They have enlisted in overwhelming numbers and after the war they will be back. If the committee agree with me when I say that while we cannot predict the date, we know we shall not lose the war, then my humble submission to the minister is that we should not wait until peace is declared to encourage prospecting again.

Instead of a large item of $142,000 going mainly to two wealthy mining companies to assist in building roads into strategic metals properties I should like to see the minister stimulate the Minister of Finance when he brings down the budget and have provision made this year to provide for the bonusing and encouragement of prospecting. Everyone will tell you that there is a long period from the time a property is first discovered and staked until actual production occurs. Take the Hollinger mine, for instance, which has produced $150,000,000 of gold since it was first discovered. After the discovery of the Hollinger it took four years before a brick of gold was produced. That is the history of gold mining. Therefore we should be alert, in my judgment, because I am not so sure that when peace comes our neighbours to the south will be so ready to lend-lease and send their material "on the cuff"; they may resume quite properly, the position of saying, "For the coal, the gasoline, the cotton and other raw products which you need from us in your economy you have got to pay us with something", and gold will be a very sure economic assistance to this country in enabling us to pay for raw materials which we need after peace is declared.

Mr. MacNICOL: Not if we have only a paper money and nothing behind it.

Mr. SLAGHT: I do not know what my hon. friend means by that. I hope he is not trying on this item to provoke me into an argument on economic principles. If he thinks we ought to go back to the gold standard, I suggest that he read history. My view is that never again should we return to the gold standard; it would cramp the development of the natural resources of this great country. Perhaps my hon. friend did not mean that. If he did, I should like personally to convert him, if he has a couple of hours or a couple of days to spare.

Mr. McCANN: Or a couple of months.

Mr. SLAGHT: I should like to show him what is involved.

Mr. ROWE: It will take until after the next election.

[Mr. Slaght.]

Mr. SLAGHT: There is nothing political in what I am talking about, and I am sure my hon. friend did not mean to suggest that. The gold industry has been of great value to this country over the past thirty years. Look at the ramifications of the industry, the money which has been spent on wages, machinery, transport, everything which has gone into our economic life. The gold industry of Canada has had a magnificent stabilizing effect upon the economic life of this country. That being so, my only purpose is to urge the minister to say to his colleague or colleagues who bring down our budget: Do not overlook in this present session provisions which will encourage and stimulate the prospector, the man who must come first, before you build your transport or your roads, before you bring your hoists to raise the ore to the surface, before you construct your mills, and remember that four or five years must elapse between the discovery of a property and bringing it into production; so that you must make provision to encourage that branch of the industry.

Mr. ROWE: You are already two years late.

Mr. SLAGHT: There is some force in what my hon. friend says. I do not know whether he participated last year in the discussion of this item for the encouragement of prospecting. To my mind the amount was too niggardly a provision, and this country can well afford to increase it. It does not represent very much in the sum total of $5½ thousand millions which we spend in twelve months.

It has been indicated to me that Canada is not on lend-lease. That of course is true; and I may have created a wrong impression I did not mean to say that we were on lend-lease; I intended to say, on a basis of commercial trading with our neighbours to the south whereby they eased tremendously their demands in the earlier years of the war, before they were allies with us, in requiring us in the earlier years to pay either in kind or in gold. When they entered the war, as they did after Pearl Harbor, their whole economic attitude toward Canada altered very materially; in the past two years they have treated us with a great deal of consideration and a helpfulness which has reduced the need for gold. That is the reason for the change in the attitude of our administration towards gold mining. First it was, "Produce all you can," then, "Ease down and give your men to other industries." Let me therefore correct any suggestion I may have conveyed that we are on a lend-lease basis with the United States. We make a great contribution to them, let it not be forgotten, in nickel and other strategic minerals. Canada's place in the production of strategic metals and the

stepping up of that production during these war years is a magnificent war effort of which we may well be proud. Any hon. members who desire to pursue that study will find in our booklet, "Canada at War," a chapter devoted to what we have done in the world picture in the producing of strategic metals.

I have spoken longer than I intended. I merely desire again to impress upon the minister that we should at this very session stimulate prospecting for and the early stages of the production not only of strategic minerals but of gold as well.

Item agreed to.

Special exploration and development work in connection with the supply of strategic minerals, $60,000.

Mr. CRERAR: Yesterday the hon. member for Lake Centre asked for some detailed information in regard to the expenditures under this vote. He desired a break-down of expenses under the strategic minerals vote for 1943. I find that they were as follows: Nova Scotia, $13,502; Quebec, $127—the expenditure in this province was small, but the year before it was much larger—Ontario, $45,630; Manitoba, $20,000; British Columbia, $10,564; Yukon Territory, $4,600. These amounts, with administration expenses of $23,363, give a total of $117,787.

The hon. member for Hastings-Peterborough asked some questions about the Miller deposit of fluorspar at Madoc. As we obtained the questions from *Hansard* they were these. First, how much did Mr. Miller spend to bring the mine into production? The answer is that Mr. Miller's expenditures prior to the mine being established in production are not known, but he must have had a considerable investment in connection with his acquiring of rights to mine fluorspar ore. The next question was: What part of the government's advances of $34,196 odd were used by Mr. Miller after the mine was brought into production? The answer is, none. Third, what profit did Mr. Miller make on fluorspar? The answer is, as indicated yesterday, that we have no information as to what Mr. Miller's profit was. Fourth, what were the expenses of supervision, including engineers, surveys, auditors and travelling? The supervision expenses for 1943-44 in connection with the Madoc fluorspar agreements amounted to slightly more than five thousand dollars, as a matter of fact $5,168.

Mr. DIEFENBAKER: One supplementary question: has the minister any information as to how much this property cost Mr. Miller?

Mr. CRERAR: None. As I indicated to the committee yesterday, Mr. Miller had control of a property which could produce fluorspar if it were worked. It was brought to the notice of the metals controller, it was examined, and the expenditure of some public money to get it into production was considered justified, so the arrangement was made. How much Mr. Miller paid for it, how long he owned it, or any other particulars of that kind we do not know; nor, to be quite frank, were we interested. All we were interested in was getting fluorspar, and getting it on terms which would reasonably protect the public interest; and I think these aims were accomplished in the way it was carried out.

Item agreed to.

Bureau of Mines—Metallic minerals division —Services to war departments, $330,000.

Mr. MacNICOL: How much has been spent and how much is it proposed to spend on the new laboratory? Personally, I think this is one branch of the department that has been more or less starved for money to build adequate equipment. I would like to see in Ottawa a metals laboratory that would be a credit to the city and the country with all the necessary equipment to handle everything pertaining to minerals that come here. A month or two ago I received a bag of metal quartz or samples from a gentleman who is well known to the minister, Mr. W. J. Young of the Pas, Manitoba, who apparently is a mining man of note in that country. These samples are still in my room. He suggested that I send them to someone in Ottawa to have them tested, but I do not know where to send them. If there is a metals laboratory to which I can send them I shall be glad to send them there or I could send them to the minister, because the gentleman I referred to is in the minister's own riding. I support this vote because I think an adequate metallic laboratory is something that we have long lacked. I have been out to the small one in Ottawa, in the southwest corner of the city, near the city limits, but the buildings I saw did not strike me as anything that the government of Canada should have for laboratories of any kind. If there is now being erected a laboratory for the testing of minerals I hope it will be a real one. If so, it will be worthy of support.

Mr. CRERAR: The point is, of course, an important one. Prior to the war we had considerable research facilities in the mines branch located on Booth street in Ottawa.

Mr. MacNICOL: That is the street.

Mr. CRERAR: Since the outbreak of the war that has been considerably extended. A new physical metallurgy building was put up

at a cost of $230,000 and laboratory equipment put in amounting to $100,000 or more, and that added substantially to the facilities which existed at the outbreak of the war. The work done under this vote is carried on in the new laboratory building as well as in the old buildings, and I think I am safe in saying that by far the greater part of the work of the staff engaged there is devoted to war purposes. That consists of testing of various kinds. I do not wish to go into the matter in too much detail, because we have been asked by some of the allied governments with whom we are cooperating to give out as little information as possible as to the nature of the work that is being done. I can say, however, that it has practically all to do with war work and largely in the testing and improving of new devices. I am glad that my hon. friend has emphasized the importance of research work. There is no question whatever of its vast significance. We have under consideration now plans for a considerable extension of research work particularly in the utilization of coals and oils.

Mr. MacNICOL: Hydrogenation.

Mr. CRERAR: Precisely. Experimental work looking to the application of the hydrogenation process for getting more out of the oils that we have and possibly getting oil from coal. Hon. members know that methods had been developed in Germany before the war and since the outbreak of the war, and Germany has unquestionably secured a great deal of her fuel oil for motors and the like by synthetic processes from coal.

Mr. MacNICOL: Three hundred million barrels a year.

Mr. CRERAR: Probably. We have vast quantities of coal in Canada and I think an expenditure of the kind is highly justified. If the bitumen from the tar sands is ever to be successfully developed— this is my own idea; I may be wrong, and perhaps I am putting myself in the realm of prophecy where I should not be—if, I say, this bitumen from the sands is to be commercially exploited with success in the future it will probably be through the application of the hydrogenation process.

Mr. MacNICOL: I suggested that two years ago. Now, in reference to this small bag of stuff sent me from the Pas—

Mr. CRERAR: I am sorry I overlooked that. If Mr. Young will take it to the mines branch on Booth street and inquire personally for Mr. Timm, when we get him off the grid here, we will give Mr. Young every possible facility. That work is being constantly done by the mines branch in the testing of ores and sampling them and giving advice on them.

Mr. GAUTHIER: Will the minister answer the motion I put on the order paper on May 16 addressed to Minister of Munitions and Supply? I think he can answer it. I should like to have the correspondence with reference to the closing of the Montauban zinc and lead mines in the Portneuf county—the correspondence between the Wartime Metals Corporation, the Department of Munitions and Supply, and Siscoe Metal Limited. I believe that two or three hundred workers are being laid off. I should like to know if this is on account of the situation existing at the present time, which situation was explained by the Minister of Munitions and Supply last night when he suggested that the market for zinc was full and that high price contracts had been negotiated by, and cancelled with the Wartime Metals Corporation. I should like to get the facts about the situation with respect to zinc.

Mr. CRERAR: I am advised that the mine to which my hon. friend has referred has been closed as a result of the Metals Reserve Corporation of the United States terminating its contract for concentrates from that mine. It is not a matter that comes within the control of this vote or, as a matter of fact, within the control of the Department of Mines and Resources. These contracts or arrangements with the Metals Control Reserve Corporation in the United States were negotiated by the Department of Munitions and Supply. The Minister of Munitions and Supply acted in reality as the agent of the Metals Reserve Corporation in making arrangements with the various mines. The Metals Reserve Corporation has terminated its agreement with several mines, and the one to which my hon. friend refers is one of those.

Item agreed to.

Lands, parks and forests branch—

Bureau of Northwest Territories and Yukon affairs—Expenses of liaison officers in connection with the Alaska highway and Canol projects, $10,000.

Mr. CASTLEDEN: I was dealing with this matter the other evening on another item, and the minister said that an opportunity would be given to discuss the allocation of oil and the Canol project generally under this item. I referred the other evening to the order in council tabled in the house on May 5 last, and at that time I asked permission of the committee to have it printed in *Hansard* along with orders in council 742, 1138 and 2447, which

had to do with the handing over of the oil resources of the Yukon territory and a large portion of the Northwest Territories. To save the committee the time of my reading them I would ask permission to have them printed in *Hansard*.

The CHAIRMAN: It requires the unanimous consent of the committee.

Mr. CRERAR: These orders in council have all been laid on the table. They are available to hon. members. What is the use of going to the expense of having them reprinted in *Hansard*?

Mr. CASTLEDEN: Merely to save time. I will read them if you wish. I believe the people of Canada ought to be thoroughly informed as to what has been done with the oil resources and the rights for exploring for and developing oil and selling it. Complete control is handed over under this order in council. If the minister prefers that I read them I am quite willing to do so.

The CHAIRMAN: They are already available for distribution to every hon. member of this House of Commons and the Senate. Why should the country be put to the expense of having them reprinted in *Hansard*?

Mr. DIEFENBAKER: What are the numbers?

Mr. CASTLEDEN: Numbers 2904, 742, 1138 and 2447.

The important one is 2904. The first part of this order in council reads as follows:

Whereas following the exchanges of notes between Canada and the United States in reference to extending the fuel supply for the United States army in Canada and Alaska, special regulations were established by order in council P.C. 742 of January 28, 1943, and P.C. 2447 of March 26, 1943, for the disposal under permit of petroleum and natural gas rights, the property of the crown, in the Northwest Territories and Yukon Territory;

And whereas Imperial Oil Limited, who through a subsidiary held oil leases on certain lands in the vicinity of Fort Norman in the Northwest Territories acquired under the regulations established by P.C. 154 of the 19th January, 1914, and P.C. 331 of the 11th February, 1921, and had already found and was producing oil therefrom, was selected by the United States government to search for and develop the additional supply of oil;

And whereas in pursuance of an agreement between the United States government and Imperial Oil Limited, the company acquired under the regulations established by the said order in council P.C. 742 of January 28, 1943, permits comprising in all 139,176 acres, and carried out an exploratory and drilling programme thereon and, as a result, a proven field of oil has been delimited, comprising approximately 4,264 acres, estimated to contain from thirty to sixty million barrels of recoverable oil;

And whereas approximately one-third of such field is included in the leases previously acquired by the company and the other two-thirds in the permits acquired under the regulations established by the said order in council P.C. 742 of January 28, 1943;

And whereas under the last-mentioned regulations, it was provided that at the termination of the war the company would have the right of taking up under leases when oil was discovered one-half of the area in each permit and that the other one-half would continue to vest in the crown;

And whereas the Minister of Mines and Resources reports that no oil has yet been found on any of the lands covered by the permits issued to the company except that found on those portions thereof within the proven field, although the company under its agreement with the United States government did carry out considerable exploratory work thereon;

That the United States government is desirous of renegotiating its contracts with the company and of withdrawing from participation in the exploratory and drilling programme; and in consideration of the expenditures it has made the United States government desires to acquire from the company an option to purchase for its own use and not for resale up to one-half of the oil (but not exceeding 30 million barrels) in the proven field and ten per cent of the oil in new fields that may be found, until a total of 60 million barrels had been obtained;

That before the company renegotiates the said contracts it is necessary for the Canadian government to decide upon;

(a) The respective interests in the proven field and the manner in which the said field is to be developed;

(b) The terms upon which the company can explore and develop the remainder of the area held under permit; and

(c) The regulations to be established for the search for and development of oil in the rest of the Northwest Territories and Yukon territory;

That it is expedient to terminate as soon as possible the exploratory programme being carried out under the direction of the company for the United States government and to make available the whole of the Northwest Territories and Yukon territory for prospecting and development under new regulations that will facilitate, encourage and expedite the discovery and development of other large reserves of oil;

That it is to the general advantage of Canada that new sources of oil be discovered; that there are approximately 100,000,000 acres of lands in the Northwest Territories and Yukon territory warranting exploration for oil but owing to their remoteness and distance from markets large expenditures would be involved in exploring for and developing additional reserves sufficient to warrant the construction of a new pipeline; that it is estimated such expenditures would amount to $100,000,000, including the cost of the pipeline; and it is therefore necessary to establish regulations which will encourage exploration and development on a sound economic basis; and

That the war committee of the cabinet have studied the questions involved and are in general agreement with the recommendations hereinafter set forth;

Therefore, His Excellency the Governor General in Council, on the recommendation of

the Minister of Mines and Resources, and under and by virtue of the War Measures Act, chapter 206, Revised Statutes of Canada, 1927, is pleased to authorize and doth hereby authorize the Minister of Mines and Resources to enter into an agreement with the Imperial Oil Limited to include, among other terms and conditions, the following:

1. In respect of the proven field—

(a) The area to be developed as a unit operation by the company, the oil produced therefrom to be disposed of by the company in the ordinary course of its business, the government's share therein to be sold at prices satisfactory to the government;

(b) The government's share of the oil to be one-third and the company to be paid the actual direct costs of producing it, plus a fee of 10 per cent;—

I should like the committee to note the portion that Canada gets out of it, although there is nothing, as I said before, to show how the direct cost of producing is to be arrived at.

(c) Subject to the prior and preferred supplying of all local requirements for crude petroleum and petroleum products, the company to have the right of giving an option to the United States government to purchase for its own use, but not for resale, an amount up to one-half of the oil recovered from the proven area, not exceeding thirty million barrels, the price therefor to be the cost of production, plus 20 cents per barrel. From its share the Canadian government will supply one-third. The United States government after May 1, 1954, shall take its oil currently as the field is produced,—

That is after 1954, so that you see this is not just a war-time contract; it has to do with the more or less permanent leasing of these properties and the oil rights and resources in that area.

—at the rate of at least 20 per cent of the total amount currently produced from the proven area for export. If the United States government does not desire to take its share currently, then the company shall be entitled to sell it on its own account and the said government would be entitled to any difference between the cost of production plus 20 cents per barrel, and the average sale price received by the company for oil sold by it during the period in question;

(d) The company shall pay a fixed permanent royalty of 5 per cent on its two-thirds share of the oil produced and on that portion of the Canadian government's oil that may be included in the option to the United States;

(e) Up to the time the agreement comes into effect the company may deliver to the United States government all oil produced, less that required for local needs, and no royalty shall be paid thereon;—

I do not think anyone would find fault with that in war time.

(f) No rentals or other fees other than royalty shall be paid on that portion of the area in the proven field covered by permits issued under P.C. 742 but the company shall pay the rentals and fees payable under the leases it now holds;

[Mr. Castleden.]

(g) The agreement shall come into effect six months after the termination of hostilities or when the contract between the United States government and the company is terminated, whichever date is the sooner.

2. In respect to the balance of the permit area—

(a) Upon the completion of the renegotiation of its contracts with the United States government, the company shall have the right of surrendering the areas under permit not included in the proven field and of taking in the place thereof prospecting permits of the kind to be provided for in the new regulations and thereafter such areas shall be subject to the conditions, rights and privileges applying to such permits, provided however that instead of the rate of royalty to be provided for thereunder and in lieu of any interest that may have accrued to the crown by virtue of the regulations under which the said permits were issued, the company will pay a royalty on all oil produced from the said area of 7½ per cent for the first five years after commercial exploitation has commenced,—

Mr. CRERAR: Does my hon. friend propose to read the whole order in council?

Mr. CASTLEDEN: Yes, and I am just at page 4 now.

Mr. CRERAR: Then perhaps the committee will excuse me while I go out and have a smoke.

Mr. CASTLEDEN: You have my permission. You would not give me permission to have the order in council tabled.

The CHAIRMAN: Order; it was not a question of permitting the hon. member to place the orders on *Hansard*. The hon. gentleman must realize, as I stated previously, that these orders in council have been published and are ready for distribution to all hon. members of the House of Commons and Senate. That is why his request was refused. They are public documents.

Mr. CASTLEDEN: As I said on Tuesday evening when I was stopped, I think the people of Canada have a right to know what is happening to their resources, as a result of orders in council like these passed under the War Measures Act. There was no bill brought before this house in connection with handing over these resources; this is the only information we have, and I think the people of Canada are entitled to know exactly what are the regulations.

The CHAIRMAN: The hon. member realizes that these are public documents which are available for distribution to all hon. members, and also available to the whole of Canada.

Mr. CASTLEDEN: This is one method of giving them further circulation, so that the people of Canada may have an opportunity of

learning just what is happening to their resources. The order in council continues:

—10 per cent for the second five years and 12½ per cent thereafter, plus 10 per cent of the net profit derived by the company from such operations, to be computed as part of the royalty before income taxes;

(b) That in respect of any oil found outside the proven field the company may grant an option to the United States government to purchase 10 per cent thereof until the balance required to make up the total of 60 million barrels is reached after including that obtained from the proven field, and in respect to such balance the said government will take the same at the rate of 20 per cent of the total amount currently produced as in the case of the share coming from the proven field;

His excellency in council is further pleased, hereby, to authorize the Minister of Mines and Resources to prepare and submit for approval new petroleum and natural gas regulations for the Northwest Territories and Yukon Territory to provide for, among other things, the following:

(a) The granting of exploration permits for periods of three years renewable for a further period of three years;

(b) No permit shall exceed 256,000 acres and not more than eight permits shall be held by any one individual or company at one time. At the end of the first three year period anyone holding more than 1,000,000 acres under permit shall reduce the said excess by 20 per cent during the fourth year, by 30 per cent during the fifth year, and by 50 per cent during the sixth year, so that the total area shall not exceed 1,000,000 acres, and thereafter any permittee may obtain additional permits as long as the area held under permit at no time exceeds that amount, exclusive of the amount that may have been taken up under leases;

(c) During the first three years of the permit the holder shall expend in exploration works not less than the sum of 20 cents per acre, during the fourth year not less than 30 cents per acre, during the fifth year not less than 40 cents per acre and in the final year not less than 50 cents per acre;

(d) At the end of the sixth year, unless such time is extended in the discretion of the governor in council, the holder of permits may acquire leases up to 35 per cent of the area held under a permit or group of permits, provided however that the total area held under leases by any one person shall at no time exceed 350,000 acres;

(e) The leases to be issued shall be for a term of 21 years, renewable for further periods of 21 years;

(f) The rental shall be 50 cents an acre for the first year and thereafter $1 an acre. Credit for work done may be allowed against the rentals due for the first two years of the lease and when commercial exploitation commences royalties then payable may be credited on all rentals due over 50 cents an acre;

(g) Royalty payable to be 7½ per cent for the first five years after commercial exploitation has commenced, 10 per cent for the second five years and 12½ per cent thereafter, subject to the provision that where it is satisfactorily proven that the cost of producing oil or natural gas from the area covered by any lease or group of leases, including the amount paid in royalties, is such that the commercial exploitation thereof does not permit a reasonable profit on the capital invested therein, the governor in council may reduce the rate of royalty and likewise may increase it again up to the original level when the reasons for making the reduction no longer exist;—

That is a perfect guarantee of profit on the capital invested.

(h) The governor in council may determine the allowable production of any well or wells or of any field and regulate the taking of petroleum or natural gas so as to prevent waste and to ensure conservation in accordance with the best practice;

(i) The prices to be charged for petroleum products obtained from any lease, sold for use in the Northwest Territories and Yukon territory, shall be subject to the approval of the governor in council;

(j) Where no adequate existing facilities are available a lessee shall have the right to build and operate a pipeline to the nearest market and connecting feeder lines and for the purposes thereof shall be entitled to free right of way over crown lands and the use of public roads. The pipeline shall be operated as a common carrier under such regulations as the governor in council may impose.

(k) The government shall have the right of taking possession temporarily or permanently of all or any part of the areas held under permit or lease, together with all or any part of the improvements, buildings and equipment thereon and pipelines and feeder lines that any permittee or lessee has constructed, in which event the permittee or lessee shall be compensated therefor. Failing an agreement as to amount of compensation, it shall be fixed by the exchequer court.
Certified to be a true copy.

Mr. HOWE: I hope the interjection by my hon. friend will not be taken as part of the order in council. He said something about a perfect guarantee of profit.

Mr. CASTLEDEN: I would not want that read as part of the order in council.

The question I should like to ask the minister is this. I do not think anyone in this house will question the part Canada should play or the contribution she should make to assist the war effort of the united nations. I do not think there will be any objection to Canada's resources being made available in the general pooling under lend-lease for the prosecution of the war, that we may make our contribution along with that of other countries.

If you will look over the exchange of notes between Canada and the United States which led up to the order in council, you will see that the United States was asking, so far as the Yukon is concerned, just for that portion which lies north of the 66th parallel. But the order in council hands over to them the

rights of exploration and development in the whole Yukon territory and practically everything in the Northwest Territories west of a line parallel to the Mackenzie river and seventy-five miles east of it. What does the minister value these oil resources at? What are the Canadian people receiving out of these resources? The Canadian government can get one-third of the oil, for which it must pay exactly what it cost, plus a fee of 10 per cent. I maintain that the great natural resources of Canada are the birthright of the Canadian people, the birthright of the boys who are fighting on the war-fronts of the world to-day, and when they come back to Canada they expect to take part in the development of the natural resources of this country in the interests of all the people. But Canada and the United States have entered into this agreement with Imperial Oil of Canada, which is controlled by Standard Oil of New Jersey, and all the development rights are being handed over to that company. Why does the Canadian government not enter into an agreement with that company to use these resources for herself? She could provide the United States with all the oil she requires for war purposes in that area. I think the Canadian people are entitled to a statement from the minister as to the value of the resources handed over, the value of the resources remaining, and a statement as to why the resources were handed over. In my estimation this is stealing. I should like a statement from the minister as to Canada's contribution so far as the oil is concerned and what the Canadian people are to get out of it by handing over to that company one of our greatest birthrights.

Mr. CRERAR: I have endeavoured to follow the remarks of my hon. friend since he concluded reading the order in council and I am somewhat at a loss to know just what he has in mind. He inquires what the Canadian people will get out of these transactions. I think that is clearly set out in the order in council and in the regulations forecast in the order in council. How much the Canadian people may get out of it in the end, or how much anyone may get out of it in the end, depends upon factors of which at the moment we know nothing. If no additional oil were discovered in the Mackenzie river country, I would say that no one is going to get anything out of the development.

Mr. CASTLEDEN: Imperial Oil would not be drilling there and proving the field in that case. They have done some drilling and proving there.

[Mr. Castleden.]

Mr. CRERAR: My hon. friend has not got the matter right at all. The statement which I gave to the house on May 5 at the time the order in council was tabled outlined clearly all the circumstances that led up to the drilling and exploration which were carried on in the district around Fort Norman. If Japan and the United States had not gone to war, these resources would have been lying there just as they have been lying there for a hundred thousand years and would not have been developed beyond the limited development which Imperial Oil has carried on at Fort Norman. Away back in 1914 Imperial Oil secured the right to make certain explorations and got leases covering some 2,900 acres. They drilled some wells and found some oil, but that oil was 1,550 miles from Edmonton by the ordinary means of transport and over 1,100 miles by air. Consequently it was not an economic proposition to develop. They had put in a small refinery turning out a few hundred barrels of oil a day, which was processed and used for ordinary commercial purposes in the Mackenzie river district which it could serve. Later on, when the radium mines were developed at Bear lake, they expanded their plant to take care of the demand from the mining company for fuel oil, because all its power had to be produced by diesel engines and it was much more economical for the mining company to take oil up the Bear river and across Bear lake to Fort Norman than to transport oil from Edmonton, the nearest source of supply they had. That is what led to this limited development up to the outbreak of war.

But the outbreak of war changed the whole picture. Members of the committee are aware that when Japan attacked the United States fleet at Pearl Harbor a considerable part of the United States fleet was destroyed or damaged and there is no question that after Pearl Harbor Japan for a time had naval superiority in the Pacific ocean. Not only that, but Japan successfully attacked some of the Aleutian islands and for a time held them. It was the desire of the United States war chiefs, the combined chiefs of staff, that led to the development of supplies of oil for the defence of Alaska and northwestern Canada. They feared that coastal traffic might be interrupted through Japanese naval action. It was that which led to the building of the Alaska highway, to the creation of the air route from Edmonton north to Fairbanks, and those were the very same circumstances that led to the development of the oil resources at Fort Norman. The whole project was developed as a defensive measure. Of course, once they got oil at Fort Norman, it was necessary to transport it to the place where

it was required. That necessitated the building of a pipeline from Norman Wells to Whitehorse in the Yukon, where it would connect with a line to Alaska. As part of a scheme to provide those supplies the United States authorities built the refinery at Whitehorse. This whole project was developed with the greatest possible speed. Hon. members are aware that for many months, until comparatively recent times, no public reference was made in newspapers or anywhere else to the developments which were taking place and which are now known as the Canol project. That secrecy was maintained for security reasons.

Information can be given here now because it has been publicly revealed in the United States. On the whole enterprise, the drilling, the transportation, the building of the pipeline and the building of the refinery at Whitehorse, the United States has spent something over $130,000,000.

Mr. CASTLEDEN: Does that include the highway?

Mr. CRERAR: No; that is just the Canol project alone. In laying a pipeline across rugged, mountainous country such as existed between Norman Wells and Whitehorse, transportation facilities had to be provided.

Mr. GRAYDON: How far is that?

Mr. MacNICOL: Four hundred miles.

Mr. CRERAR: It is more than that; it is about six hundred miles from Norman Wells to Whitehorse, right over the ridge of mountains. The difficulties were almost insuperable. I ask the committee to bear in mind that this country is in the very far north and it is expensive to provide transportation facilities. All the equipment for drilling, all the pipe, all the supplies needed to maintain the people who were doing the work had to be transported to Waterways by rail. It was then put on boats and taken down the Athabaska river, across the western part of lake Athabaska and down the Slave river to Fitzgerald. At that point every pound of freight had to be taken over a portage of sixteen miles from Fitzgerald to Fort Smith. At Fort Smith the supplies were loaded on barges and boats and taken down to Slave lake and across that body of water, which is rather difficult to navigate under some conditions, to the Mackenzie river. The supplies continued down the Mackenzie to the point where they were taken off the boats to be moved inland over the muskeg to the place where the drilling was done.

I know something of these difficulties because I visited that part of the country in August, 1942, when the work was being carried on with the greatest possible speed. The difficulties to be overcome were tremendous. When they got the pipe and other supplies as far as Norman, which is 1,550 miles from Edmonton by rail and water and portage, they had to be transported out along the pipeline toward Whitehorse. That involved building the type of road that would provide the necessary transportation facilities. As I say, the United States authorities spent an immense amount of money which in the aggregate, as reported to the Truman committee in Washington, amounted to $134,000,000.

The pipeline was a four-inch line. This size was adopted because it was easier to transport than it would have been to transport ten or twelve-inch pipe. This pipe was more readily obtainable because it did not require so much iron and steel which were very pressing needs at that particular time not only in the United States but in Canada. The four-inch pipeline was designed to handle about 3,000 barrels a day.

Mr. CASTLEDEN: In winter as well as in summer time?

Mr. CRERAR: Not so much in winter. I have not in mind at the moment what the winter capacity would be, but there is no doubt that the cold weather would interfere with the movement of oil and it would be substantially less. It was estimated that in the event of oil supplies to Alaska being shut off on the Pacific coast this pipeline would provide some of the necessary fuel for the defence of Alaska and northwestern Canada. Canada was vitally interested in seeing this work carried on because, if the Japanese had succeeded in overrunning Alaska and had got into northwestern Canada, we would have had a serious problem on our hands.

Consequently, when the United States made these proposals the Canadian government accepted them. This is all set out in the exchange of notes which were tabled in this house from time to time as soon as they could be. I want to impress upon the committee that this work was purely a defensive measure in our war effort. The picture has changed since. The Japanese are out of the Aleutian islands and the allied nations have increased their strength on the Pacific tremendously. The United States alone has naval forces in the Pacific which are more than a match for Japan. Consequently the danger of an interruption in gasoline supplies by the Aleutians and Alaska being overrun has pretty well disappeared.

The need which led to this project being undertaken no longer existed and it then be-

came a matter of making adjustments and getting a new arrangement with the United States. Once the defensive need had disappeared the United States were not anxious to continue exploring for oil up in our northwestern country. They desired to get out and I think the general Canadian point of view was that the United States interest in the development of these resources should be concluded. That is what was being done by the arrangements to which my hon. friend takes such serious exception.

Mr. GREEN: Are they not still operating the pipeline?

Mr. CRERAR: They will operate the pipeline as long as the war lasts?

Mr. GREEN: And the refinery?

Mr. CRERAR: Quite. I am speaking of the exploration work and drilling for oil. With the drilling of some more wells in the proven field there is enough oil available to meet the requirements of the present pipeline. If hon. members are interested and will refer to the exchange of notes they will find there set out the basis for the final liquidation of the arrangement when the war is over.

Mr. CASTLEDEN: I do not find any such thing. I do not know the terms for the liquidation of this after the war is over. I have here the notes for December 28 and those in February and March. They do not deal with the matter.

Mr. CRERAR: If my hon. friend will refer to the notes which were tabled—I cannot give him the date but they are in the records of the house—he will find a provision set out for the termination of the arrangement once the war is over.

Mr. GREEN: In effect they give the Canadian government first option.

Mr. CRERAR: Yes; the Canadian government is given first option on the pipeline, as I recall. If they do not wish to buy it, then it can be put up to auction. I have here the United States note.

Mr. CASTLEDEN: What is the date of that?

Mr. CRERAR: June 27, 1942. In the exchange of notes I find this from the United States Secretary of State:

My government further proposes that the pipeline and the refinery shall remain its property, and shall be operated under contracts with it or by its agents or representatives during the war. It further proposes that at the termination of hostilities the pipeline and refinery shall be valued by two valuers, of whom one shall be named by the United States and one by Canada, with power, if they disagree, to appoint an umpire. The valuation shall be based upon the then commercial value of the pipeline and the refinery, and the Canadian government shall be given the first option to purchase at the amount of the valuation. If the option is not exercised within three months, they may be offered for sale by public tender, with the amount of the valuation as the reserve price. In the event that neither the Canadian government nor any private company desires to purchase the pipeline and refinery at the agreed price, the disposition of both facilities shall be referred to the permanent joint board on defence for consideration and recommendation.

Additionally, it is proposed that both governments agree that they will not themselves order or allow the dismantling of either the pipeline or the refinery, nor will they allow any company which purchases them so to do, unless and until approval for dismantlement is recommended by the permanent joint board on defence.

It is understood that if the pipeline and refinery are at any time used for commercial purposes they will be subject to such regulations and conditions as the Canadian government may consider it necessary to impose in order to safeguard the public interest.

That is the clause in the exchange of notes which provides for the final termination of the arrangement under which the United States authorities came in to secure these very necessary and pressing supplies of oil as regarded at that time.

Mr. CASTLEDEN: That has to do only, I believe, with the disposal of the pipeline. It does not deal with the permit for the production and development of oil over that whole area. That is what I was talking about.

Mr. CRERAR: I might read a portion of the note which has to do with the question just asked by my hon. friend:

My government,—

This is the United States minister, for his Secretary of State, speaking.

—faced with the necessity of obtaining an increased fuel supply without delay, desires to propose the following project:

That it (a) make surveys and construct a pipeline either by United States army engineers or by contract, of a size sufficient to deliver three thousand barrels of oil daily from Norman Wells, Northwest Territories, Canada to Whitehorse, Yukon Territory, Canada; (b) sign a contract with a Canadian company to drill additional wells, upon its leases obtained under the petroleum and natural gas regulations applicable to dominion lands or upon permits obtained by it under the oil and gas regulations covering land in the vicinity of Norman Wells. Under this contract the United States War Department would provide the necessary equipment and would purchase the total flow of the additional wells during the war at an agreed price. The wells would remain part of the leasehold or permit property of the Canadian company and would be regarded as having been drilled under the provisions of the dominion regulations noted in this clause.

In the next paragraph it speaks of the refinery. The Imperial Oil company, as was stated earlier, had already drilled wells in the district of Fort Norman—as a matter of fact they are about forty miles down the river from Fort Norman—and had secured limited quantities of oil. The geologists thought more oil could be secured, and it was on the basis of that possibility that the United States entered into this arrangement. The result was that they provided the equipment and, I understand, provided the company with the means of carrying on drilling operations. In view of this arrangement, special war-time regulations were issued covering it. If the United States government proposed to advance moneys to the Imperial Oil company, and wells were drilled and oil was found at practically no expense to the Imperial Oil company, the Canadian government—I made the recommendation to the government myself—thought the new regulations should apply. Consequently war-time regulations were promulgated, and under the war-time regulations the government were entitled to share equally in whatever assets developed. The war-time regulations were published in the *Canada Gazette,* I am told, in January, 1943; at any rate they were tabled.

Mr. GREEN: Is that P.C. 742?

Mr. CRERAR: P.C. 742.

We come now to the stage where new arrangements have to be made. I can quite understand the position taken by my hon. friend, and I do not quarrel with him. In the speech he delivered he has not suggested what policy the government should have followed. He criticizes it for giving away vast resources, but I submit that his criticism is not tenable. We have not given the resources away. We have provided for the development of these oil resources on terms which we think are fair and equitable and which protect the public interest. I assume, and perhaps I am wrong, that my hon. friend's contention would be that the government should have gone into this development as a government enterprise. I should like him to say now whether or not that is his contention.

Mr. CASTLEDEN: I am a believer in government enterprise in a thing of this kind. The oil as a natural resource belongs to the Canadian people; but since under the war set-up you have decided to go ahead with the development of it, seeing that Imperial Oil is already in the field, and since you are doing something that is essential for the prosecution of the war, we have no quarrel with that. But we do quarrel with the fact that under the order in council the permit to go on with the development of these resources after the war is continued and the rights for the development, exploration and the taking of oil and selling it, are now in the hands of the Imperial Oil company, which is owned by the Standard Oil Company of New Jersey. What Canada gets out of these resources is too little for the resources that are being handed over. We can estimate Canada's share in the United States government's expenditure, and let Canada take her fair proportion. We have no quarrel with that. But under this arrangement, all the oil development rights, the permits, will continue with the Imperial Oil, and what Canada gets out of one of her great natural resources is not sufficient. I maintain that you have made a bad bargain.

Mr. CRERAR: I want to continue the discussion along the line I was taking. I think I understand my hon. friend's position. There are two approaches to this question. He can say that we are not providing for sufficient royalties, or that we are not providing for sufficient revenue to the crown from the development of these resources; or he can take the other line and say that we should not have had an arrangement at all with a private company. That, I gather, is the position he takes, that the government should have developed this as a government enterprise. That is quite in accord with the policy of the Cooperative Commonwealth Federation party. They have never disguised the fact, and I do not find fault with it. They have a perfect right to advocate that. But what I am trying to get at is what is really in issue here so far as my hon. friend is concerned. It is not the kind of arrangement that we made with the Imperial Oil company but the fact that we made any arrangement at all with them, and that the whole oil development that may ensue in the future in northwestern Canada should be a government-owned, controlled and operated development. I do not think I am presuming too much in saying that.

Mr. CASTLEDEN: I did not say you should not have entered into an agreement with them. I say you made a bad bargain with them.

Mr. CRERAR: Is my hon. friend going back on the socialist principles of the party which he adorns?

Mr. CASTLEDEN: Not at all. As a war measure, you had the Imperial Oil in the field already there, developing, and probably under the circumstances you could not change overnight. But I am saying that once you have asked them to go into the exploring field—and the United States government is assisting them, and apparently it will not cost them

very much—then Canada should pay her proportionate share of the cost, because the defence of Alaska is part of the defence of Canada, since we are under a lease-lend agreement in this matter. But after the war is over you have handed over the rights for developing that oil in the Yukon and in the oil-bearing territories in the northwest.

Mr. CRERAR: Handed them to whom?

Mr. CASTLEDEN: Imperial Oil, under this agreement.

Mr. CRERAR: No.

Mr. CASTLEDEN: The rights and the permit continue.

Mr. CRERAR: My hon. friend should really study the orders in council, and the statements that have been tabled, a little more thoroughly We do not hand over to the Imperial Oil company all the areas to which my hon. friend refers.

Mr. CASTLEDEN: For exploration.

Mr. CRERAR: No, not for exploration.

Mr. CASTLEDEN: Read the order in council.

Mr. CRERAR: That is not contemplated at all. Nothing in the order in council that was tabled, nothing in the statement that I made to the house on May 5, can by any stretch of the imagination be construed into such a position. I suggest to my hon. friend that he should study this whole matter objectively and not approach it—am I unfair in saying so?—from a certain angle of prejudice. I want to come back to the other point. I do not know whether my hon. friend is finding fault at the moment with the agreement or the arrangement we have made with the Imperial Oil company.

Mr. CASTLEDEN: Yes; that is right. I am.

Mr. CRERAR: Then, so far as this oil development is concerned, my hon. friend is not at the moment advocating that the government should have gone into it as a government enterprise, putting in public money and developing it as a public undertaking.

Mr. CASTLEDEN: It would be a splendid post-war project.

Mr. CRERAR: My hon. friend is hedging a little bit on that.

Mr. CASTLEDEN: No, I am not.

Mr. KNOWLES: May I ask the minister whether any discussion was had with Wartime Oils Limited with reference to the matter?

Mr. CRERAR: With whom?

Mr. KNOWLES: With Wartime Oils Limited, a crown company.

Mr. CRERAR: The Minister of Munitions and Supply can give more information on that than I can, but Wartime Oils was a government company formed to do certain drilling, to provide the finances in order to drill for oil in certain areas, where oil was likely to be found. But that has nothing to do with the point we are discussing.

Mr. KNOWLES: I am asking whether consideration was given to Wartime Oils going into the matter.

Mr. CRERAR: Perhaps the hon. member for Winnipeg North Centre will enlighten the committee as to the kind of development the government should have undertaken. Does he object to our making an arrangement with the Imperial Oil company for development in that particular area? Does he criticize the government on the ground that it should have developed this resource as a public enterprise with government money? I ask my hon. friend frankly, does he take that position?

Mr. KNOWLES: I do not mind answering the question straightforwardly. I feel that the proposal which the minister has suggested would have been the better one, but knowing that this government would not consider that, that the government preferred to deal with a private company, we are nevertheless exercising our right to criticize the deal made with that company.

Mr. CRERAR: Quite right.

Mr. KNOWLES: Knowing that the government will not go forward to the position that we would like them to take, it does not rule out of court our criticizing the agreement made.

Mr. CRERAR: My hon. friend is quite right. I do not deny that for a moment. He is quite right in criticizing the government for making, from his point of view, an improvident arrangement so far as the public interest is concerned. That is his privilege.

Mr. KNOWLES: You have put it in the correct language.

Mr. CRERAR: Well, we can argue it out on that basis. But before I pass to that I must offer the reflection that my hon. friends of the C.C.F. are apparently moving from the socialization of all public enterprises, because I saw not very long ago that the hon. member for Yorkton, if I remember correctly, was advocating that all the mines and timber industries in Canada should be nationalized, and that everything indeed in Canada excepting perhaps some small businesses and farm lands

should be brought under some great master plan, organized and developed for the benefit of the Canadian people. I take it to-day that in so far as their criticism of the government's proposal in this respect is concerned they are not occupying that ground.

Mr. KNOWLES: If the minister thinks he is forcing us into an awkward position let me assure him he is totally mistaken.

Mr. FRASER (Peterborough West): The hon. member is already in it.

Mr. KNOWLES: We have every right to state what we believe to be our position. After we have done that, knowing there is not a great deal of chance of getting this government to take that position, we then try to get this government to do certain things which we feel are not inconsistent with the position of moving in the direction of proper protection of the public interest. That is the position we take with respect to this matter. We do not waste the time of the committee arguing the position that we feel should be taken in this matter, because we know the government would not pay very close attention to it, but we consider that we are justified in criticizing and that it is our duty to criticize the government at least on the basis of the government's own philosophy in these matters, and I believe that is what my colleague from Yorkton was doing.

Mr. CRERAR: We shall now proceed to discuss the arrangement.

Mr. FRASER (Peterborough West): Is there not every chance in the world of the Imperial Oil company losing out on this project? There are many chances that Imperial Oil may lose out on this project.

Mr. CRERAR: I would think there is a very considerable chance of their losing out.

Mr. FRASER (Peterborough West): That is what I wanted the minister to say. Is it not also true that practically every workman of the Imperial Oil company owns stock of that company?

Mr. CRERAR: I could not say that; I have no information on that point. If I may say so, I do not know that that is germane to the discussion we are having at the moment.

The statement that was read to the house on May 5 and the order in council which the hon. member for Yorkton placed upon *Hansard*—really I do not wish to be critical, but I do not know why my hon. friend did that, because the order in council was tabled and has been available to every member of the committee—

Mr. CASTLEDEN: But not to the Canadian people.

Mr. CRERAR: Of course, if my friend wishes to send *Hansard* out to a number of his friends perhaps it is justified on that account. They can read the order in council; but what arrangement was made? First, take the province of Alberta. Alberta operates on oil royalties. Any oil development that I have known anywhere in the world—I will except Russia because at the moment I do not know just what the practice was there—was on the basis of royalties in some cases, plus a ground rental per acre of the areas covered by leases. That royalty in Alberta runs from five to fifteen per cent. The ground rental for the leases, once they are taken up is, I understand, fifty cents an acre and upwards. In the United States the average oil royalties are 12½ per cent. Our information is that in south American countries the royalties are the same. In Alaska the United States fixed a royalty rate of 6¼ per cent on any oil to be found there. These are regulations that were promulgated some considerable time ago.

I mention that background simply to indicate to the committee that the practice generally in all oil-producing companies, not only in Canada, but in other countries, has been to get revenue from the development through the imposition of royalties and ground rentals. That is precisely the principle that we have applied in the Mackenzie river area.

Mr. GREEN: What about the special provision for reducing the royalty in the event of a company not making a profit?

Mr. CRERAR: Oh, well, regulations will provide that royalties may be reduced. After you impose a flat royalty of fifteen per cent and you come to a point in taking the oil from the well that it does not pay to take it out because of the excess of royalty, if you reduce the royalty, say to five per cent, you enable the well to have a longer life, and that, I am advised, is the advantage of a fluctuating rate of royalty. That can be determined by the authorities of whatever government is dealing with the matter, whether provincial or federal.

As regards the set-up in the Mackenzie river country I would ask the committee to keep in mind that it was all set out in the statements which were tabled in the order in council. There are two areas to which I wish to draw particular attention. One is described as the proven area. The proven area consists of approximately five thousand acres; but in that proven area is included the original

wells of the Imperial Oil company drilled under licences which they secured over twenty years ago.

Mr. CASTLEDEN: Estimated to contain about sixty million barrels of oil.

Mr. CRERAR: Not on the proven areas. Opinions of geologists differ. The geologists have some formula from the study of drilling cores—

Mr. CASTLEDEN: I read that in the order in council.

Mr. CRERAR: It states from thirty to sixty million barrels. Oil geologists differ in the estimate of the amount of oil in this proven area of five thousand acres. Part of the oil that will be produced comes from the original licences held by the Imperial Oil company. The remainder of it, which the geologists estimate roughly at two-thirds, will come from the remaining area which Imperial Oil secured under its arrangement with the United States or drilled under its arrangement with the United States.

Outside of this particular area Imperial Oil have taken up under permit under the war-time regulations the remainder of the 140,000 acres. Some drilling has been done on that, but so far no oil has been struck. We proposed that in so far as the proven area is concerned, where we know there is an estimate of from thirty to sixty million barrels, we shall retain one-third of the oil. That is provided in the arrangement.

Mr. CASTLEDEN: It would be more correct to say that we reserve the right to purchase it at cost plus ten per cent.

Mr. CRERAR: Yes; but how is that different from the statement I made?

Mr. CASTLEDEN: I thought you said we retained one-third of the oil.

Mr. CRERAR: Yes; one-third of it is ours to do with as we like.

Mr. CASTLEDEN: If we pay for it.

Mr. CRERAR: We pay the cost of producing it, plus the management fee of ten per cent, so that we have that. On the oil produced by Imperial Oil which it sells on its own account, it pays a royalty; and it also pays a royalty on the amount coming from the proven area which may go to the United States.

Mr. CASTLEDEN: That is a royalty of five per cent?

Mr. CRERAR: Yes.

Mr. CASTLEDEN: Is that on the selling price?

[Mr. Crerar.]

Mr. CRERAR: The royalty is calculated on the value of the oil as it comes from the well.

Mr. CASTLEDEN: That is, the company's cost price; what it costs the company?

Mr. CRERAR: It is what it is worth when it comes from the well, not what it is worth if you transport it a thousand miles and sell it.

Mr. CASTLEDEN: It is the selling price at the well.

Mr. CRERAR: Probably that would be a correct description. Then, because the Imperial Oil company derived certain advantages under the arrangement it made with the United States, we provided for a scale of royalties which, once licences are secured, go up every five years. For the first five years I think it is 7⅓ per cent, for the second five years 10 per cent, and thereafter 12½ per cent. In addition, once they secure their leases, ground rental on these properties commences.

There is one other point with which I wish to deal; that is, the extravagant statement by the hon. member for Yorkton that we were alienating all these resources to the Imperial Oil company. It is expressly stated in the order in council and in the regulations that there shall be a limit to the number and extent of the acreage that can be held by any one company.

Mr. CASTLEDEN: Limited to a million acres.

Mr. CRERAR: No; it is less than that. In the first place they get a permit to explore; that is the initial step, and that permit may cover two million acres. After a few years that is reduced, and finally it is brought down to the point where they have to say whether or not they are going to take out leases. Once they take out leases the maximum amount they can get is 350,000 acres. So that when my hon. friend states that we have given these vast areas to Imperial Oil, I must assume that he has not closely read—

Mr. CASTLEDEN: Yes, I have read it all.

Mr. CRERAR:—the proposals that we submitted. When the leases are taken out there is provision for ground rental. That is simply to encourage development.

Then I wish to go one step further and deal with another matter, namely, the arrangement which the government agreed could be made between Imperial Oil and the United States. There is a variation here from the original exchange of notes but, as I stated earlier in my remarks, the United States has spent about $134,000,000 on this project. As a result of that expenditure undoubtedly Canada has

secured the development, possibly in a very large, commercial way, of the oil resources of that part of the country, should oil resources be discovered there. So that we provided that the United States should be compensated for the expenditure they have incurred, by saying that under certain conditions they may be entitled to obtain up to sixty million barrels of oil. That oil is for the use of the United States government, for army, navy or air force purposes; they cannot resell that oil, and it has to be taken currently, when production starts. Under the arrangement they have to pay Imperial Oil the cost of bringing the oil to the surface and I think a fee of 20 cents a barrel, which is roughly one-half cent a gallon. There is nothing mysterious about that. Does anyone here think the government should not have taken this step? Will anyone in this committee claim that after the United States had gone in to develop these resources—true, for their own defence but for the defence of Canada as well—we should say, "No; now your expenditure must go for naught." No one would support that view for a moment. I say that this government, and I think the Canadian people generally, want to maintain good relations with the United States. In our international dealings with that country we want to be fair and we want them to be fair, and within the last few years I think a great deal of progress has been made in that direction.

My hon. friend criticized our arrangement with Imperial Oil on the ground that it is too generous. Let us look at a few of the factors in this situation. Once more I would remind the committee that this oil development is 1,550 miles by rail and water from Edmonton, or almost 1,200 miles in an air line, and that the oil has to be transported from Norman Wells, not very far from the arctic circle, to a market where it can be consumed. What expense is involved in that? The present four-inch pipeline is not a commercial proposition at all. It is estimated that if sufficient quantities of oil were found, at least a ten-inch and probably a twelve-inch pipeline would have to be laid in order to make the proposition commercially practicable. Therefore, what must be done? First, there must be drilling to determine whether there is sufficient oil to warrant the building of a twelve-inch pipeline to seaboard, the cost of which is estimated at $60,000,000. It is further estimated that it will be necessary to discover reserves of 300,000,000 barrels of oil before it would be feasible to build a pipeline that large. So that we had these alternatives. Either the government could go in and risk that amount of money, taking a chance on marketing the product afterwards, or we could make an arrangement with a private company along the lines indicated in the statement I read to the house, and in the order in council my hon. friend read this afternoon. I do not think there can be any serious criticism of the arrangement the government proposes to make. We want to get the oil resources developed. There has been a good deal of talk in recent months about the depletion of the oil resources of the world. To-day we draw eighty-five per cent of our oil requirements from the United States. What would the United States authorities think of us if Canada were to take the position that we are not going to do anything so far as developing oil is concerned but were going to depend upon the United States to supply us with oil.

Mr. CASTLEDEN: We can supply our own needs if we develop the sands in that north country.

Mr. CRERAR: The California fields are growing less. Ultimately this development may lead to the supplying of Alaska, British Columbia and the Pacific states with their requirements. We have also a better assurance with this development of securing the needs of eastern Canada for oil. My hon. friend asks: Why do you not take this oil down to the prairies?

Mr. CASTLEDEN: I say that we have oil in Canada. Why not develop it?

Mr. CRERAR: Let my hon. friend reflect for a moment what would be involved in his proposal. There would be involved the building of a pipeline to Edmonton, a distance of at least 1,200 miles, and probably 1,400 miles by the route that would have to be followed.

Mr. CASTLEDEN: You can take it out to the coast.

Mr. CRERAR: Certainly; that is what we propose to do under this arrangement. But Standard Oil controls it.

The ACTING CHAIRMAN (Mr. Golding): I must ask the hon. member for Yorkton to address the Chair if he wishes to speak.

Mr. CRERAR: There is just one other point I would mention. Under these proposals the regulations will apply generally. There are no reservations for Imperial Oil, other than the areas they now hold and referred to in the order in council. Any person who has the capital and wishes to go in there and take the risk can go in there and prospect and develop, but he cannot secure in excess of the amount that I mentioned a moment ago.

Mr. GREEN: Can a pipeline be used by any other company?

Mr. CRERAR: I was just going to mention that. We contemplate that when a pipeline is built either by Imperial Oil, or by any other company or association of companies, that pipeline must be a common carrier and its charges subject to public regulation.

Mr. GREEN: Does that apply to the present pipeline?

Mr. CRERAR: No, because that is not a commercial proposition. It exists merely to get the oil through for military purposes. But a commercial pipeline must be a common carrier and be subject to control by public regulation.

There is one clause of the order in council which I should point out to the hon. member for Yorkton. He must surely have overlooked it. It is a clause that should bring cheers from our hon. friends in the C.C.F. It is the concluding clause of P.C. 2904, which reads:

> The government shall have the right of taking possession temporarily or permanently of all or any part of the areas held under permit or lease, together with all or any part of the improvements, buildings and equipment thereon and pipelines and feeder lines that any permittee or lessee has constructed, in which event the permittee or lessee shall be compensated therefor. Failing an agreement as to amount of compensation it shall be fixed by the exchequer court.

It might happen down the vista of years that our C.C.F. friends might one day have the responsibility of office.

Mr. GRAYDON: Perish the thought.

Mr. CRERAR: If ever they should have, this provision is in the regulations for them to take advantage of if they so desire. I apologize Mr. Chairman, for having taken up so much time, but it is a complicated matter.

Mr. GRAYDON: The minister is more optimistic about the C.C.F chances than most people.

Mr. BLACK (Yukon): It may interest the committee to know that on the first of this month I took part in the ceremony of the official opening of the oil refinery at Whitehorse to which the oil which has been discussed this afternoon is being piped for refining. I remember well when the discovery of oil in the vicinity of Fort Norman was made thirty years ago. At that time I happened to be Commissioner of the Yukon, and I know that gold miners from the Yukon valley made their way across the divide into the Mackenzie valley and staked out oil leases on that discovery. For the most part they snowshoed out of the valley of the Yukon over the watershed and down into the Mackenzie, where they staked out their leases.

When I returned to Canada after the war and came here as a member of parliament, the holders of these oil rights, not having capital to develop them themselves and not being able to interest capital in their development, put it up to me to deal with the government of that day to extend the terms of their leases so that they could continue to hold them without having to do the development work and make the substantial expenditure called for by the terms of the leases. The government extended the time. But finally the time came when they would no longer allow that to go on. They were reasonable enough. It had to come to an end some time.

The Imperial Oil company, which had acquired some of the oil reserves, because of their isolation and distance from the market, had to cap the three wells they had, and the wells lay there dormant until mine development began at Great Bear lake and at Yellowknife, and then a little oil was used.

Then came Pearl Harbor and the Americans had to have oil. They thought the Japanese might take possession of the coast of Alaska and the coast of British Columbia. Oil could not be got to Alaska by tankers because the submarines were attending to that. So that the United States came in, and they have spent $134,000,000 in exploring those oil resources for Canada. Fortunately the exigencies of war never made that oil necessary for war purposes. But the Americans put in a four-inch pipeline from Norman Wells to Whitehorse and extended it from Whitehorse to Fairbanks, and from Whitehorse to the coast, to Skagway, Alaska. As the minister said, that four-inch pipeline is too small for a commercial undertaking.

I only hope that the development of the wells at Norman will be sufficiently extensive to make it a successful commercial undertaking. I for one would not approve the Canadian government going in there and spending anything like $134,000,000 in exploring that oil deposit as the United States have done. We had the experience not long ago of the government of British Columbia spending a huge amount of public money on drilling in the Peace River block. They lost it all; they have no oil. I do not think public money should be gambled in that way.

When I first read the agreement and heard the minister give his explanation of it a month or so ago I felt that the terms granted to Imperial Oil were somewhat too generous. When you take into account the risks that

that company has taken, similar to what the United States has taken, and the returns that are bound to accrue to Canada if the gamble is a success, then I think we should compliment the government on the agreement they made.

Mr. SISSONS: Mr. Chairman, I should like to support the remarks of the hon. member for Yukon and express my appreciation of the excellent manner in which he delivered them. I wish also to dissent and join issue with the remarks of the hon. member for Yorkton. I do not think Imperial Oil has been given any undue advantage under this order in council. I am not particularly interested in theories or in the relative merits of public or private ownership, but I am interested in the results that are obtained. I want to see action in the north country; I want to see developments. I want to see this government give every encouragement to Imperial Oil and to any other oil company that wishes to go into that country. I want to see this government give every encouragement to every mining company, every prospector, every fisherman, every farmer and every other corporation or person who want to help to develop that Mackenzie river valley.

I am not worried about Imperial Oil making any undue profit or of retaining that profit after they have paid income tax. Any profit they may be able to make will be small compared with the benefits that will accrue to Canada as a whole from this development. There are not only oil resources to be developed; there are minerals in the Great Slave and Great Bear lakes areas; there is fishing; there is agriculture, and there are many other types of development that can be carried on. A balanced and orderly development of these resources will mean the production of new wealth and an increase in the national income of Canada.

There will be provided opportunities for thousands of Canadians, particularly for our returned men. These are the things in which I am interested. I want to see a real development in that north country. I particularly want to see that development because it will mean the development of the northern part of the constituency of Peace River. It means also that there will be created in the great north land a market for the produce of the Peace river country.

My hon. friends of the Cooperative Commonwealth Federation party are claiming that Imperial Oil is a monopoly. I do not like monopolies. I do not like private monopolies, nor do I like public monopolies. I know I would not like the kind of monopoly we would have if my hon. friends were in power. While I dislike monopolies, it is not an obsession with me. Monopolies seem to be an absolute obsession with my hon. friends, and yet at the same time they admire monopolies. They contend that monopolies make huge profits, but I cannot see that they do. I do not think monopolies are very efficient. Like most giants they grow slow and sluggish, whether they are private or public monopolies. I certainly do not fear monopolies because as long as we have a free parliament we can deal with them. But what we would not be able to deal with is the type of monopoly my hon. friends of the C.C.F. would create if they were in power.

Some weeks ago we dealt with what might be termed a monopoly in the form of Canadian Pacific Air Lines. We passed legislation which practically wiped that company out of existence and there was not one voice in this house raised in protest. We can deal with monopolies. I think there is some indication that monopolies are rather defenseless when they come up against public opinion.

My criticism is not that the department is doing too much for Imperial Oil; it is that the department is not doing enough for the development of the north country. The department is too much inclined to pay attention to such carping criticism as we have heard this afternoon from the hon. member for Yorkton. The greatest blow that the north country ever received in the past, the greatest handicap it had to overcome was such carping criticism. Probably it will be the greatest handicap the north country will have to face in the future.

Somebody has mentioned the possibility of a pipeline from Fort Norman to the south. In 1921 a private bill was submitted to the Alberta legislature to incorporate the Imperial Pipeline company. In 1920 Imperial Oil brought in a producing well at Fort Norman and they submitted this bill to permit the building of a pipeline south through Alberta. What happened? A tremendous filibuster was opened up and arguments much along the lines of those used by my hon. friends were advanced. It was said that Imperial Oil was a monopoly and the filibuster was kept up from some time in February until late in April. Not only that, but attacks against the bill were carried on throughout the province and in the press.

Mr. CASTLEDEN: By whom?

Mr. SISSONS: By people with exactly the same attitude of mind as my hon. friend, men who would rather adopt a policy of cutting off their noses to spite their faces than to see a development carried on by what they termed

a monopoly. On the last day of the session the premier of Alberta read a telegram which he had received from Mr. Herbert Greenfield, president of the United Farmers of Alberta, protesting emphatically against the passing of the bill and demanding that it be withdrawn. The bill was withdrawn under this pressure and the house rose the next day.

A few weeks later the government went to the country and were defeated. A U.F.A. government came into power, headed by the same Herbert Greenfield. For a period of fourteen years, from 1921 to 1935, the U.F.A. government was in power in Alberta. Toward the end of its career that government was affiliated with the C.C.F. movement, and in 1935 went to the country calling itself a C.C.F. government. That was the opposition which was offered to the attempt to construct a pipeline from Fort Norman to the central part of Alberta.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. SISSONS: Mr. Chairman, in my remarks before six o'clock I think I made it clear that I am not especially interested in any academic debate on the relative merits of public and private enterprise. I stated that I was very much interested in the development of all the great and varied resources of the north land, and would favour even more generous treatment, not only of the Imperial Oil company but of every corporation and every individual prepared to play a part in the development of any of those resources; and that I deplored the reactionary ideas and the defeatist philosophy of the hon. member for Yorkton and his friends. I pointed out that the attitude of the hon. member and those who think like him is the greatest handicap that the north country has had and has to overcome, and I went on to show how a similar attitude had held up the development of the oil resources of that great land in times gone by. I pointed out that in 1921, when the bill to incorporate the Imperial Pipelines company was before the Alberta legislature as a private measure, it was defeated by a filibuster directed largely by men who thought as the hon. member for Yorkton thinks, and by pressure from outside the house of those who held similar ideas.

I wish to make only a very few further remarks regarding that debate in the Alberta legislature some twenty years ago. During the course of that debate the late Hon. J. R. Boyle pointed out what the obstructionist tactics would result in, and Mr. Boyle wanted to know if the Imperial Oil company were to be told that they were free to spend vast sums of money in exploration work but that if oil was found they were not to pipe it out. That is exactly the attitude which was taken in Alberta; the Imperial Oil company were in effect called upon to spend their millions on exploration work, but if they did find oil they were not to be allowed to pipe it out. Probably a more significant statement was made during the course of that debate by Mr. R. B. Eaton, one of the members. Mr. Eaton stated that "the question of oil development should be carefully taken into account, because the oil resources of the north might easily be diverted to British Columbia if Alberta placed impossible barriers in the way of companies planning development." Back in 1921 Alberta did place impossible barriers in the way of a pipeline from the Fort Norman field to Alberta, and you see the results to-day. That oil is not being diverted, as Mr. Eaton thought it might be, to British Columbia, but it is being diverted to the Yukon, and to Skagway in the United States territory. That is a penalty the provincial government of Alberta paid for giving attention to the carping criticism of men who in Alberta at that time thought and uttered the thoughts which the hon. member for Yorkton has uttered this afternoon.

As mentioned, in 1921 the government then in office was defeated and a U.F.A. government came into power. That government was in power from 1921 to 1935, and during its whole term of office very little encouragement was given to the development of the north land, particularly that part of the north land which lies in the Peace River constituency north of the Peace river. The development of that area, particularly the fertile territory north of the river in the district of Fort Vermilion, was retarded, and retarded deliberately. I do not make that statement concerning the late U.F.A. government because it was a United Farmers of Alberta government or because its philosophy was largely that of my friends of the C.C.F. To a less degree the same thing must be said of the present Social Credit government of Alberta, and I would ask my hon. friends of the Social Credit party not to take offence, because I would say the same thing largely of the government I support. I do not believe that either the old U.F.A. government of Alberta, the present Social Credit government of Alberta, or any federal government of Canada has ever given the encouragement which should have been given to the development of that north land. I admit that the present government has done

some things, but it has done far too little. It has been content more or less to make gestures. I am not unmindful that the Department of Mines and Resources has done a good work in regard to geological surveys. I am not unmindful that an important forward step was taken when the air fields in the Mackenzie river valley were taken over by the government. I am not unmindful of the good which will result from the civil aviation policy announced some weeks ago by this government respecting the opening up of that north land. I am not unmindful of the assistance which was given by the dominion and provincial governments toward the construction of the winter road from Grimshaw to the north in order to open up that territory. But I still say that no government, provincial or federal, has done more than a small part of what should have been done to open up that empire of the north.

I do not ask that governments should do a great deal, but I ask that they should do things which only governments can do, and these they have not done. If the hon. member for Winnipeg North Centre lived in the Peace river country he would not be so complimentary to public ownership, its performances and its possibilities. All governments have failed in their duty to encourage this development.

Mr. ROSS (St. Paul's): The Canadian Pacific Railway company has done a good job.

Mr. SISSONS: The Canadian Pacific Railway company did no job toward the development of the north country, nor did the Canadian National Railways. I shall have something to say about that a little later.

I believe that a great part of the development of the north country in the future as in the past will be brought about by men and not by governments. Men with the blood of the pioneers have brought about the present development of the agricultural lands of the Fort Vermilion district, where there are now 3,000 settlers, still 250 miles beyond the railway. I am not unmindful of those mining pioneers who have pioneered in the lake Athabaska, the Great Slave lake and the Great Bear lake districts. I am not unmindful of the pioneer work done by the Imperial Oil company. I am not unmindful of those young pioneering pilots who blazed air trails through all the north land. These are the men who have brought about our present development. It will be men of that type who will bring about the great development of that country in the future. But there are some things which governments and only governments can do, and it is these things which I want the government to do. Years ago the Alberta government should have built a highway from Grimshaw up through that fertile Fort Vermilion country. That has not been done. Our own federal government should do certain things. They should give greater assistance to those who wish to play a part in the development of the north land, much greater assistance than they are giving to the Imperial Oil company. They should provide markets for the produce which that vast country can provide. Especially, they should provide railway transportation for that north country.

The hon. member for St. Paul's mentioned a moment ago the Canadian Pacific Railway company, but I wish to deal for a moment with the Canadian National Railways. That whole northland was the territory of the Canadian National Railways. The Canadian National had that territory for years and never developed it, and it allowed the Canadian Pacific to come in and take over, under lease, the Northern Alberta railway. The Canadian Pacific did nothing toward developing that territory. Later the Canadian Pacific Railway company and the Canadian National Railways jointly purchased the Northern Alberta railway and came to this parliament and had passed the Northern Alberta Railway Act which provided among other powers that a branch line should be constructed from Grimshaw to the northern boundary of the province. That is a line which would have opened up the Mackenzie river valley. That was in 1929 and not one foot of the line has been built since.

Now we find both the Canadian Pacific Railway company and the Canadian National Railways, joint owners of the road, coming forward with this proposition, that they should not be asked to build one mile of railway into any part of that north country until there has been developed sufficient traffic that it can pay a profit from the commencement. That is the attitude of the Canadian Pacific and the Canadian National. Now I am going to ask the government to do several things, but one thing in particular I do ask is that they go to the Canadian National Railways and the Canadian Pacific Railway company and put the situation up to them in this way: "Either you people do your duty and develop that north country, giving it the transportation which it was understood you would give it when this parliament passed the Northern Alberta Railway Act in 1929, or we shall ask parliament to repeal that act and hand the assets of the Northern Alberta railway over

to someone who has a wider vision and who is prepared to play the necessary part in the development of that north country."

All I ask is that this government and the provincial government have vision when it comes to the development of that north land, and particularly that this government pay no attention to such carping criticism as has been uttered this afternoon by the hon. member for Yorkton. Let the government pay no attention to such things but branch out on a programme of development for that whole north land which will repay itself many times over. Branch out on a programme of development which will produce new wealth, add to the national income of Canada and bring a greater measure of prosperity to Canadians in that area and in all parts of Canada.

That is what I ask. I also ask for even a larger measure of support than is contemplated in the vote. Let us help all those who would have a part in that northern development.

Mr. MacNICOL: We have had two really interesting addresses to-day, one of them delivered by the hon. member for Peace River (Mr. Sissons). While most of what he has said in the last half of his remarks has nothing whatever to do with the vote, I endorse every word he said about the north country and I agree with him in that regard. The other address was given by the hon. member for the Yukon (Mr. Black), and it was refreshing to hear first hand information from that hon. gentleman, who told the story of the commencement of this oil business. I wish someone had mentioned the beginner, the real pioneer, the man who more perhaps than any one else had to do with what is now called the Canol project or, as it should be rightly called, the oil development fifty miles down the Mackenzie river from Fort Norman. That gentleman is Colonel James K. Cornwall of Edmonton, one of the real pioneers of the great northwest, from whom I have personally learned great deal and with whom I have had much correspondence with reference to the north on the occasion of various preparations for trips to that country.

I believe it was about 1912, or in fact some years prior to the great war, and particularly when the Turner valley was being opened, that, according to information given me by Colonel Cornwall himself, he had a conversation with a promoter who spoke to him with reference to investing in Turner valley oil. He said, if I remember, to the promoter, "I am not going to invest any money in Turner valley oil because there is more oil in Mackenzie river area than anywhere else I have had to do with."

[Mr. Sissons.]

Apparently, following that, the prospectors to whom the hon. member for the Yukon referred were the first into that country; and as that hon. member said, they took up claims. These claims were later purchased by the Northwest company, a very fitting name, a subsidiary of Imperial Oil, which itself is a subsidiary of Standard Oil of New Jersey. In reference to the vote itself, I wish to support the minister in one stand he is taking, as referred to in the agreement, with which I presume he has had something to do if he is not largely responsible for it, namely, that the oil shall be developed if possible by private enterprise. I personally am wholly opposed to the government going into any business on that scale.

I agree with the department's proposal to assist in the development of the oil by financial assistance to private concerns. In that way we shall get a much better development; it will cost the country much less, and moreover there will be far more returns if it is developed privately, with the support of the government. But if the government itself proposes to develop the oil we shall get the same exhibition that we have had in most businesses operated by governments. I am not blaming this government alone; that goes for any government. No government can operate business with anything like the same economy as a private firm can.

What does the agreement call for? All I want to be certain of is that Canadian interests are protected. I have read the agreement, and at the moment I do not see that I can suggest any improvement. Someone would have to show me where it could be improved from the point of view of the country. If the agreement recommended that the government itself should develop the oil resources up there I would be opposed to that; but the agreement does not say that. Furthermore, I like the attitude of the minister toward Imperial Oil. I cannot understand the attitude of people, who know little about business, who nevertheless denounce business. We hear it denounced here and it is easy for those who have not had experience in big business to engage in these denunciations. But big business has done a great deal for the whole country.

As regards Imperial Oil, what happened? They puchased the right from the Northwest company to the claims and then commenced to invest money there. They drilled or made attempts to drill many holes in that area to find oil, but they did not find it at every place they drilled. The Minister of Munitions and Supply probably knows more about

this than anybody else, but I believe that at the outbreak of war there were three wells in existence, and they were not working at that time. They had been in operation during the time of the development of the radium mine on the east end of Great Bear lake and during the developments at Yellowknife and the other gold centres north and east of Yellowknife. There were seven mines in that area altogether, but that development was not sufficient to take up the oil that could be produced from the three wells, so that I believe they were shut down. If my memory serves me rightly they produced about 24,000 barrels of oil in the last year they operated.

Following the United States entering the war and the necessity of producing oil, which was explained by the minister, and I do not intend to repeat it now, increased production took place at Fort Norman. An additional number of wells were drilled. I believe that before the war five were drilled that could produce oil and since that time the number has increased to twenty-three. Some twenty-six wells have been drilled and I believe that the capacity of the twenty-three is about 8,500 barrels a day. That is a considerable surplus over the possible capacity of the pipeline which was built from Fort Norman to Yellowknife, a distance of some 620 miles. When the pipeline was first laid out it was not to be as long as that, but they found that they had to go down the river a piece, and the total length from Fort Norman to Yellowknife is 620 miles.

Mr. CRERAR: If my hon. friend will permit me a moment, the present production of the existing wells at normal flow is about 3,900 barrels a day and not 8,000 barrels as my hon. friend says.

Mr. MacNICOL: I said that the capacity was 8,500 barrels a day. I do not think I said that they were producing 8,500 barrels a day, but the information I have from the engineers is that the capacity is about that. I do not know whether that is right or not, but in any event the production of 3,900 barrels a day is more than the capacity of the pipeline, which is 3,000 barrels a day.

Personally I want to be assured that after the war, when this agreement has been carried into effect, those who have to do with taking over the equipment will be qualified to understand the length of life of pipe, if the pipe is steel, or iron. If the four-inch pipe is not an iron pipe the length of its life is limited, relatively speaking, to a brief space of years. It will rust and go out if it is steel pipe. If it is a wrought iron pipe, of course it will last much longer. Therefore, in taking over the plant after the war the great consideration with me as to what should be paid for it is, what is the pipe made out of? This pipe crosses damp country; much of it was laid in muskeg; a lot of it was laid during the winter time on ice, which has since become covered with water. It was perhaps laid on props or supports of some kind, that is a consideration. Therefore the length of the life of the pipeline would be the determining factor with me if I had anything to do with passing comment on what should be paid for the plant after the war; but that will have to wait until then.

There is nothing more I wish to say in reference to this matter. There is nothing we can do about it. We should all be unanimous on the necessity of producing oil in the country, if it can be produced. I was talking to a man recently who told me that the distance from Norman to Aklavik would be some 500 to 600 miles. That would not be a long pipeline. This gentleman told me that after the war—and plans are being made for it now—it was intended to run a line of tankers through the Bering strait and around Alaska to Aklavik with the expectation that at that time the Norman wells will have developed to such an extent that it would be worth while running a pipeline of 500 or 600 miles from Norman wells, to tankers there. If that is what is going to happen then the oil could go down to Vancouver and be refined there, which would help to make the great city of Vancouver much larger than it is to-day.

Along with the hon. member for Peace River I see vast developments in that north country and the whole northwest country. At the moment I am thinking of going away to the far north again this coming summer with a view to seeing with my own eyes what can be done. I agree with what the minister and others have said, namely, that a large part of the future of this country depends on the opening up of the whole northwest country, the Northwest Territories and the northern half of the three prairie provinces, if we can awaken out of our lethargy. I am not blaming anyone for it. I like to keep these things out of the narrow sphere of politics which has done more to retard progress in Canada than anything else. If we can get beyond that, up on the higher plane of patriotic development and fervour and all work together irrespective of party lines for the development of this country after the war there would not be any need for any unemployed men or women.

I hope that when the war is over and the possibilities of this territory are realized we shall do something. In that connection I think of Vilhjalmur Stefansson, who explored this northwest country and said that in his

opinion there is more oil around Fort Norman than in any other flowing wells in Canada. If that is the case Canada should develop it, along with the Athabaska tar sands which I am not going to go back on. In my opinion they could be worked jointly, and Canada could be placed on a self-sustaining basis, so far as oil is concerned.

As the minister said to-day, and as I said last night, we import eighty-seven per cent of our oil requirements. Let us try to get out of that. Do not let us quibble over the advocacy of the hon. member for Yorkton. I think about as much of his plan as the hon. member for Peace River does.

Mr. CASTLEDEN: Why not develop our own oil?

Mr. MacNICOL: The difference between my hon. friend and myself is this: I have been a producer for many years. I have been in big business. I have operated big business and have had to do with giving employment to many thousands of people in the aggregate. I doubt if my hon. friend ever gave a job to a man in his life other than to cut the grass on his front lawn or such like.

Mr. CASTLEDEN: The people of Canada felt the results of big business, too, from 1930 to 1939.

Mr. MacNICOL: I get absolutely tired of listening to men who know little or nothing about production and less about giving employment. I like to talk to men who have done things, and I like to listen to them. I do not care to waste my time listening to men who have never done anything that I know of or ever read of or ever heard of toward production in this country. If we can get the real men of this country together, the men who know and the men who do things like the Minister of Munitions and Supply we shall be doing something. The minister is on the opposite side of the house, but I cannot get down on such a small plane as not to recognize a man's ability because he happens to be on the other side of the house. My hon. friend the Minister of Munitions and Supply can do a big job. I said last night in the minister's absence that if he had only been at Fort McMurray last year and the year before he would have produced oil. I have that much confidence in him. I do not want him to say I am wrong.

Let us get on a higher plane as we think of this great country, with more resources than any other nation in the world. We have more than ninety per cent of the world's asbestos in Quebec, more than ninety per cent of the world's nickel in Ontario, and more than ninety per cent of the world's oil in Alberta and the northern country. If we do not awake from our sleep, Mr. Chairman, and recognize what God has given us to develop, some other country may come in and take it away from us. I say all power to anyone who can advance a plan to develop this country, for the good of the country and to create employment. In conclusion, I repeat that I hope the minister will stick to the private production of oil, not only in the northwest but at Fort McMurray, after the war.

Mr. CASTLEDEN: I am not going to waste the time of the committee by replying to the barrage of words that were thrown at us this afternoon. If we look at the condition of want that has prevailed in this country for seventy-five years; if we remember that the only time we have enjoyed decent wages for labour and parity prices for farmers has been in time of war; if we recognize the record of the gentlemen who have been in power in this country since it has been a country, the wealthiest land in the world, with only eleven million people living in it, I think all that is sufficient answer to those who have been advocating the continuance of things as they were in the past. We have opened up western Canada and British Columbia; what has it meant to the welfare of the Canadian people? What did it mean in 1930 to 1939?

An hon. MEMBER: Who opened it up? Not you.

Mr. CASTLEDEN: Big business opened it up, and what did the workers get out of it?

Mr. MACKENZIE (Vancouver Centre): The pioneers opened it.

Mr. CASTLEDEN: And where are the pioneers to-day?

Mr. REID: We have lived better than any other people in the world.

Mr. CASTLEDEN: With a billion dollars spent on relief and forty per cent of our young men unable to earn a living.

The CHAIRMAN: Order. We are discussing a special item in connection with the Canol project. I do not want to curtail discussion, but I do not believe hon. members will tolerate repetition *ad nauseam,* and I am going to try to confine the discussion from now on to the item under consideration.

Mr. CASTLEDEN: I thank you very much, Mr. Chairman, and I shall abide by your ruling. Later on I hope you will see that I am given an opportunity to reply to those statements, if I may not do so now.

Mr. FRASER (Peterborough West): That is the C.C.F. again.

Mr. CASTLEDEN: I suppose I am not allowed to reply to these interjections thrown at me. You maintain order on one side, but I am not allowed to reply.

The CHAIRMAN: I must appeal to the committee in reference to the statement made by the hon. member. I wish he would withdraw his remark. I try to be fair and I believe I have been fair to the hon. member for Yorkton and all other hon. members of the committee. I have always tried to be impartial, but I repeat that in the general discussion which took place this afternoon and the early part of this evening all parties expressed their viewpoints, and I am going to keep hon. members within the confines of the item now under consideration.

Mr. CASTLEDEN: I am very sorry if I have cast any reflection upon the Chair, and I withdraw my remark. This afternoon the minister stated that the arrangements made under this agreement would not prevent any other company or companies from taking part in that development. I should like to draw his attention to one of the notes exchanged between the governments of Canada and the United States. This note is dated January 18, 1943, and was written by Mr. Keenleyside in reply to a note from the United States government dated December 28, 1942. The last paragraph reads:

> It would facilitate the drafting of regulations if the United States authorities would indicate more definitely the particular districts, within the very large area described in your note No. 818, paragraph 2, which seem to be the most promising. These districts could then be reserved for exploration by nominees of the United States government.

Apparently there was a reservation for the government of the United States. The minister stated that no measures would be taken to prevent other companies from developing this region, but from this note it would appear otherwise.

Mr. CRERAR: The effect of the two notes to which my hon. friend has referred is that at the request of the United States government a certain area was reserved for exploration. The right to go out and search for oil structures; the right to examine territory to see if there are favourable conditions for oil, would not confer any right upon them to exploit the property. That was not put under their control at all. The only thing the United States government were interested in was getting a sufficient supply of oil. They thought they might require up to 20,000 barrels a day. No private companies were going in at that time and searching for oil structures. My officers will correct me if I am wrong, but the United States simply said, "Will you reserve a certain area, where we can send our geologists to see if we can find favourable structures," and that is all that was done. It did not give the United States government any right to preempt any territory, and that is where my hon. friend has misunderstood the meaning of the exchange of notes. No monopoly was conferred upon the United States government or anyone else under these regulations. I stated this afternoon that under the terms of the proposed regulations Imperial Oil may get the right to explore an area of perhaps 2,000,000 acres, but over a period of years that must be reduced to 350,000 acres.

Mr. CASTLEDEN: I think it is 1,000,000 acres under the agreement.

Mr. CRERAR: Yes, but eventually it comes down to 350,000 acres. When oil may be found anywhere over 100,000,000 acres I do not think you are setting up a monopoly if you lay down regulations under which eventually a company, after it has examined a certain area, may operate in 350,000 acres; really my imagination is not quite keen enough to bring me to the conclusion that this is conferring a monopoly on the company. I am sure my hon. friend is quite sincere and in earnest in the criticism he is offering, but I suggest that he has not appreciated the full meaning of the regulations and the exchange of notes.

Mr. CASTLEDEN: I do not think there is any doubt about that.

Mr. GREEN: I should like the minister to explain two or three features in connection with this northern development. The first explanation is the general policy of the government with regard to the development of our north country. Last evening I mentioned the developments that have taken place in Siberia, and this evening the hon. member for Peace River stressed the need for great developments in northern Canada. I wish the minister would give us some idea of what the government have in mind as a general policy for developing northern Canada. I am convinced, as I think perhaps most hon. members are, that there are great prospects for development in that part of the country.

The other matter about which I should like a further explanation has to do with the ways in which another company or other companies or private individuals or syndicates will be able to go in and develop oil wells in this territory. The minister dealt with that in part, earlier in the debate. There seems to be no doubt that this Mackenzie river oil field is the finest in Canada. The Minister of

Munitions and Supply said last year that it was a very fine field, and I have here the March 13 issue of the publication known as *The Oil Weekly*, published in Houston, Texas, in which there is a long article by Doctor G. S. Hume, geologist for the oil controller for Canada. The article is headed: "Mackenize River Basin Best Opportunity for Oil in Canada." The minister will correct me if I am wrong, or if this statement is wrong. Doctor Hume, in his article, states this at page 26:

> The Mackenzie river valley, comprising 150,000 square miles and extending westward into the Wind river basin of the Yukon, the most promising oil territory in Canada, recently has been brought to the attention of the public by the Canol project, which includes the development of a field that was discovered more than twenty years ago by Imperial Oil company.

Then, further down on the same page we find this:

> Doctor O. B. Hopkins of Imperial Oil has stated that a major oil field comparable with a major oil field in the United States has been found and that the area has been proven much larger and more productive than originally anticipated.

So that we apparently have something worth while—very much worth while—in this Mackenzie river oil field.

It just so happens that in the same magazine appears an editorial pointing out the great opportunities for United States oil interests to undertake development in Canada. It says, after describing the possibilities in Canada:

> All these factors will result in relatively large representation in this "foreign" development by smaller American oil companies, independent operators, and geophysical, drilling, and other service companies.

I think we should be sure that these other operators will have a reasonable chance to succeed in the Mackenzie river field. Frankly, I am not convinced that that is the case at present, under the law as it now stands in Canada. I realize that the Canol project was undertaken as a war emergency measure. But the order in council of January 28, 1943, under which Canada gave approval to that development, P.C. 742, contains this paragraph:

> 1. A permit for a location on lands lying within a radius of 50 miles from Discovery Well of Northwest Company Limited—

Which, I understand, was a subsidiary of the Imperial Oil company.

> —situated about 45 miles north of Fort Norman on the Mackenzie river, conveying the exclusive right to prospect and drill for, to produce and dispose of oil and gas thereon may be granted by the minister to any corporation or to any person eighteen years of age or over for the duration of the present war, provided however that no person shall enter the area to which these regulations apply for the purpose of prospecting for oil and staking a location without first obtaining from the minister a preliminary authority so to do.

I believe under that power the Imperial Oil company was given an exclusive right, not only to explore, and not only to prospect but also to drill for, produce and dispose of oil.

Then, later on, namely on March 26, 1943, order in council P.C. 2447 was passed. This order in council extended the territory from a territory within the radius of fifty miles of the old well, to include the whole of the Yukon territory and, the minister will correct me if I am wrong, also all of the district of Mackenzie west of a line drawn roughly seventy-five miles east of the Mackenzie river. I presume the Imperial Oil company got the same exclusive rights with regard to that territory, or as much of it as they wanted. Presumably no other company or individual was given any permit.

Then, this year order in council P.C. 2904 of April 27, 1944, which was read into *Hansard* this afternoon was passed. It certainly gives the Imperial Oil company every advantage. For example, as I read it, in any part of the field that has been proven; in other words, any part where producing wells have been bored, the Imperial Oil company again has exclusive rights. That is, it will have the whole of the proven field. I may be wrong in that, but the minister will correct me if I am.

Mr. HOWE: Who proved it? Was it not the Imperial Oil company that proved the field?

Mr. GREEN: For example, section 1 (a) of this order in council states:

> In respect of the proven field (a) the area to be developed as a unit operation by the company . . .

I take it that means that the Imperial Oil company have exclusive rights to the oil in the whole of the proven field. They also have rights to the balance of about 140,000 acres, over which they have permits. And they have the right to substitute for any part of that 140,000 acres a similar territory, or a like amount of ground in the other part of the whole area.

Mr. CRERAR: That is not correct.

Mr. GREEN: I would ask the minister to correct me, because I am simply asking for information.

Mr. CRERAR: Well, that is not correct.

Mr. GREEN: It looks to me as though any other company or any other operator is

almost doomed to failure in that field, under present conditions, unless some way can be found of giving help to them. I would ask the minister to give us some further explanation respecting that feature of the development, because I do not think it is right to give the Imperial Oil company a monopoly in this Mackenzie river oil district. That may not be the situation, but certainly it is not right that they should have a monopoly. If we can develop that country as Russia has developed part of Siberia there may be 100,000 or 200,000 people there eventually. And it is far more likely to receive proper development if we do not permit any one company to have a monopoly in the area.

The third feature about which I should like to have an explanation is the government's policy with regard to the United States. Just a few weeks ago either the Prime Minister or the Minister of Munitions and Supply, I am not sure which, explained to the house that the government proposed to buy out certain American interests in the north. That is, we were to repay the money that had been spent in developing air fields, and in buying land and erecting buildings. The Canadian government is buying the United States government out in respect of those operations, so that such developments will be purely Canadian-owned.

As I understand it, that is not being done with either the Alaska highway or the Canol project. I would ask the minister to say just what the plan is with regard to the relationship between Canada and the United States in respect of the Alaska highway and the Canol project. He admitted to-day that the United States army is to operate the pipeline from Norman to Whitehorse, and presumably is also to operate the refinery at Whitehorse, and the pipeline from Skagway to Whitehorse. But we should know just what arrangements there are between the two governments in respect of these two projects, and whether there are any other developments in northern Canada in which the United States has, or after the war will have a financial interest, once Canada has paid for the particular developments to which the Minister of Munitions and Supply referred.

Mr. CRERAR: I shall reply first to my hon. friend's last question. The exchange of notes which have been tabled sets out the full basis of the arrangements made between the government regarding the development of the Canol project. Those were read into the record this afternoon and they show the means by which final disposition will be made.

Mr. GREEN: There was a change made in the government's policy regarding airports.

Mr. CRERAR: If my hon. friend will please let me proceed, I am referring to the Canol project which is the item under discussion.

The CHAIRMAN: It is the only item before the committee.

Mr. GREEN: The Alaska highway is also before the committee.

The CHAIRMAN: This is the item before the committee:

Expenses of liaison officers in connection with the Alaska highway and Canol projects.

Mr. GRAYDON: The hon. member for Vancouver South is correct.

Mr. CRERAR: May I be permitted to continue? My understanding is that the United States authorities who constructed the pipeline and refinery at Whitehorse can either operate them directly or arrange to have them operated by agents. When the war is over, the basis of settlement, the liquidation of the matter if you like, will be as is clearly set out in the exchange of notes. The Canol project is not in the same category as the airfields. The hon. member for Vancouver South referred to a statement made some little time ago by the Minister of Munitions and Supply. It is true that so far as the airfields are concerned the Canadian government is paying the United States government for the work done, because it represents assets which will be of permanent value to Canada. I think that answers the first part of my hon. friend's question.

Mr. GREEN: What about the Alaska highway?

Mr. CRERAR: The exchange of notes provided for the Alaska highway. So far as I am aware there has never been any suggestion that Canada should pay the United States for the expenditures on the Alaska highway. There were certain extensions to airfields which were found necessary and for which we will repay them.

With regard to the second to the last point raised by my hon. friend, he seemed to fear that we were giving Imperial Oil some sort of monopoly in the Northwest Territories and he inquired whether companies would have the right to go in there.

Mr. GREEN: And individuals and syndicates.

Mr. CRERAR: I made a statement on government policy on May 5 when the order in council setting forth the arrangements and giving the details of the proposed regulations was tabled. I should like to quote from that statement as reported on page 2651 of *Hansard*, as follows:

In respect to the new regulations to be established, the order in council sets out briefly some of the more important conditions that will be imposed. It is to the general advantage of Canada that an active programme of exploration and search for oil should be carried out in order that new sources may be found and developed. The regulations will make available to all companies and individuals the opportunity of exploring and developing these resources.

The policy of the government with respect to the matter is set out in those words. There is no attempt to restrict this to any one company. As I have pointed out once or twice already in the discussion, the regulations provide that while the company can retain a permit of one area up to 2,000,000 acres, it must within a period of years reduce that and settle upon what particular acreage it is going to take. The limit of the acreage that it can have when it reaches that point is 350,000 acres.

Mr. ROSS (St. Paul's): What happens to the remainder?

Mr. CRERAR: It is open to anyone else. My hon. friend can go in and explore it.

Mr. ROSS (St. Paul's): Could I have all the rest?

Mr. STIRLING: If you stake it.

Mr. CRERAR: My hon. friend could go in; anyone else could go in. We were particularly careful in framing these regulations to provide against the very danger that the hon. member for Vancouver South has in mind. I have stated already that ultimately a pipeline must be built if the area is to be commercially exploited, and that must be open to everyone upon terms approved by the government. I do not know how anything more could have been done to make certain that any company or individual that was interested should have an opportunity of going in and staking.

This is not a field of operations for an individual or company with small capital. You must transport your drilling equipment and supplies and everything else nearly 1,500 miles over very costly water and land transportation routes. You will have only three or four months in the summer for drilling operations and you must face heavy winter conditions. It is not a field for the small individual, such as Turner valley. This is not because of any limitation imposed by the government; it is because of limitations imposed by nature.

Mr. GREEN: Is it a fact that the proven field has been reserved for Imperial Oil?

Mr. CRERAR: One-third or a little more of the proven field was covered by the old leases which Imperial Oil obtained twenty years ago, the other two-thirds being secured under the war-time regulations. There is no doubt that the area is now under the control of Imperial Oil, but within a radius of fifty miles of Norman Wells there are over 5,000,000 acres.

Mr. GREEN: How much more does Imperial Oil control?

Mr. CRERAR: I am just coming to that. As I say, within a radius of fifty miles of the proven field there are over 5,000,000 acres, and of that Imperial Oil have a right to secure a permit covering 140,000 acres.

Mr. GREEN: In addition they could get permits for over another million acres?

Mr. CRERAR: I suppose they could.

There is one other point I wish to mention. There is no doubt that at the moment Imperial Oil are in a position that may be regarded as advantageous compared with that of any other company coming in, but that is on account of the fact that they went in there twenty years ago and found oil. They were the people to whom the United States authorities went because they were on the spot and knew something about the country. It may be argued that they have a preferred position, but that preferred position may not be of any permanent value to them. I may add that other large oil companies are showing an interest in that country and, if they want to go in, they are free to go in. The same with my hon. friend; if he wants to get a company together he will have a chance to go in and see what he can do.

Mr. GREEN: May I ask one further question? Did the United States government provide the money for developing these wells?

Mr. CRERAR: I am not fully informed of the financial arrangements between the United States authorities and Imperial Oil. My understanding is that the war department or some authority associated with the United States war effort financed Imperial Oil.

Mr. MacNICOL: Did the United States government itself not drill the additional wells since Imperial Oil left off?

Mr. CRERAR: Quite right. I was going to ask, would it be reasonable to say to Imperial Oil, "Are you prepared to go ahead and spend five or six or ten million dollars bringing in heavy drilling machinery and drilling wells to see if we can find some oil?"

Mr. GREEN: Is it fair to say then that the Imperial Oil company had three wells in this area when the emergency arose; that

they were on the spot; that the United States government stepped in and financed them to drill other wells; that the Canadian government gave them these exclusive rights; and that they are now keeping all the rights as provided for in the new order in council? It is true that they had developed three or four wells up to the time the emergency arose, but apparently they did not finance the further developments.

Mr. CRERAR: I have tried to explain that Imperial Oil had—roughly—2,900 acres under their original leases secured over twenty years ago. In the proven area there is an additional 3,000 acres, and in that area they have an estimated thirty to sixty million barrels of oil. Some of the holes were dry holes; most of them produced oil. In addition to that, because they wanted to be certain of their supply for the pipeline, they selected within a radius of fifty miles other areas upon which drilling operations were started but had not and have not yet reached a final conclusion, but probably will be carried on. As I said a moment ago, perhaps Imperial Oil had a preferred position because they were already established there. They had a small refinery from which they were producing gasoline for aeroplane services in the north country and diesel fuel oil for Bear lake.

It will take only a moment to deal with the first question asked by my hon. friend. I agree with him that increasing attention and importance must be attached to the development of the north country, and the government and the Department of Mines and Resources have not been idle in that regard. This was the field work carried on in 1943. One party studied a proposed national park in the southwest Yukon and the recreational attractions along the Alaska highway. Two parties studied wild life along the Alaska highway.

Mr. GREEN: What sort of wild life was it they were examining?

Mr. CRERAR: I think my hon. friend knows what is meant by the term. One party surveyed forest resources along the Alaska highway. Fourteen geological parties carried out surveys in northwestern Alberta between British Columbia and the Yukon. Seven topographical parties made surveys in northwestern Alberta. Four parties determined astronomical positions leading to the acquisition of the necessary data to establish proper base lines for mapping and surveying purposes. A party surveyed sites in northern British Columbia and the Yukon for water-power purposes. Two parties carried on hydrographic surveys on the coast of British Columbia—very important work. In addition, the Department of Agriculture sent out a reconnaissance soil survey party along the Alaska highway, and one party in central British Columbia to make a soil survey along the Canadian National railway belt. For the current year we have made provision for almost forty parties in the territory about which I have been speaking. It is difficult to-day to get the personnel for these parties. We are endeavouring to gather all the information we can. A great deal has been obtained and it is available for further development work. I hope this will give my hon. friend the information he requires.

Mr. GREEN: Would it not be possible to send a party to Siberia to find out the developments which the Russians have made in their north country? They seem to have done wonderful things there. The Canadian government might get some very useful ideas.

Mr. CRERAR: I think that would be very difficult during the war. We have, as my hon. friend knows, an ambassador in Moscow. All the data which has been gathered by the Russian government is available to our officers or can be secured for study. Later on, after the war is over, if it is thought desirable—and there may be a good deal to commend it—that we send a special mission to Russia to ascertain on the spot what the Russians are doing in the development of their north country, that could be done, but I do not think it would be wise to approach the Russian government with that proposal at the present moment.

Mr. GREEN: It might be worth trying.

Mr. ROSS (St. Paul's): The minister has just told us about the work of these survey parties. I have been wondering if they all went out under the vote of $10,000.

Mr. CRERAR: No.

Mr. ROSS (St. Paul's): We all remember that years ago some wells were drilled as a result of speculative activity, and others, perhaps more, to meet the needs as they arose in the north country, on behalf of the mining industry, and one thing and another. The main factor in recent development, as I see it, is the stress of war; that is, the United States needed oil for their ships on the west coast; something had to be done, and the problem of financing became in reality a United States job. I would ask the Minister of Munitions and Supply if that is not so, that the United States wanted a supply of oil for their ships on the west coast, in view

of a possible Japanese invasion. I do not know what arrangement was made as between Canada and the United States to provide capital. But in connection with this project there is one important consideration which I wonder whether the government has in mind. Does it visualize Canada as a country of fifty million people instead of eleven and a half millions? These concessions given to Imperial Oil or any other company are being given not as concessions for to-day but as concessions for the future which at some time will become very valuable.

As far as the development of our natural resources in Canada is concerned, I am all in favour of having Canadians given an opportunity of developing them. I am not in favour of having to go outside Canada to get capital to any great extent to develop those resources. We have a great industrial organization in Canada, in the east, and we can take care of all supplies necessary to develop our own country. One of the difficulties in the twenties, so far as Canada is concerned, was that between 1920 and 1930 there were 120,000 Canadians leaving every year and going to the United States because we were not developing our own country. We let someone else do that for us. I am in favour of having this country developed by Canadians, by the boys who will be coming back from overseas. I would not give away the country to anyone else to carry out that development. The only question in my mind, in connection with these concessions which are given at the present time, is this: Are the government keeping that point of view in the forefront? The hon. member for Peace River suggested that the Canadian Pacific Railway Company had done a good job for the development of the north country. So they have, by airways. I want to put that on the record.

Canada has proved herself as far as her productive capacity is concerned. I repeat, we have proved ourselves, and therefore I want to see our natural resources developed by Canadians with Canadian capital, with our own machinery, which we have in this country. The only thing that disturbs me when I hear about concessions being given to someone else is that we may not be looking forward to the future and keeping the concessions we have, in connection with the development of our natural resources, for the people of Canada.

Mr. HOWE: We are getting a little afield from the actual project. Much has been said about concessions to Imperial Oil, but I would remind the committee that the discovery of oil in that area was made by that company. They were not financed by anybody but went in as a Canadian corporation seeking oil in Canada.

Mr. ROSS (St. Paul's): I was not criticizing that.

Mr. HOWE: They discovered oil in the Norman area. It was developed to a moderate extent, and that development was limited entirely by markets in the territory. A small refinery was built; a few wells were drilled, and Imperial Oil since 1920 has been furnishing the requirements of that area for gasoline and oil products. When war broke out, entirely new problems arose. The sea route from Alaska was threatened by enemy action. A huge market for gasoline arose in the area owing to the development of the Northwest staging route. The United States army looked over possible sources of supply, and they were informed by Imperial Oil that the development was in existence in Fort Norman and that the probabilities were that the source of production could be enlarged. The United States government approached Canada and asked permission to carry on in that area certain development work as a war project. They chose as agent the Imperial Oil company. Why? Because that company knew the geology of the area and were operating in that area. For the United States, the Imperial Oil company drilled several wells which proved up a certain area. The results were favourable and in the course of a year or two all oil had been proven of development that was likely to be required in the country. The Americans built a small refinery, or rather moved one from Texas and established it at Whitehorse to convert Fort Norman oil into the products required in that area. That is the extent of the development that is warranted by markets. Beyond that, another possibility exists, namely, that that development can be brought to a point where the oil can be transmitted by water where markets will be available sufficient to use the products of a larger field.

When you talk about concessions to Imperial Oil, what is the position of Imperial Oil to-day? They have a small proven field, between 30,000.000 and 60,000,000 barrels of proven oil. In order to transport that to the coast an economical pipeline must be built costing $60,000,000, and to justify the pipeline, further oil must be found to bring the potential up to 300,000,000 barrels. Imperial Oil to-day have the right to go to that area and attempt to prove up additional oil to the total amount of 300,000,000 barrels; then they have the privilege of finding $60,000,000 and to build a pipe-

line; and after all that has been done they will market their first barrel of oil outside the immediate area.

Mr. GREEN: Is that over and above what the United States gets?

Mr. HOWE: The United States of course found certain oil and they are entitled to that oil at cost.

Mr. GREEN: They get 60,000,000 barrels; they are entitled to 60,000,000 barrels.

Mr. HOWE: If additional oil is found they have the right to 60,000,000 barrels at cost, plus twenty cents a barrel.

Mr. GREEN: Does that give them a total of 120,000,000 barrels?

Mr. HOWE: No. They have the right to-day to 30,000,000 barrels. If additional oil is found they are entitled to ten per cent of the proven field up to the total of another 30,000,000 barrels.

Mr. MacNICOL: To reimburse them for what they spent.

Mr. HOWE: To reimburse them for their expenditure in drilling the wells.

Mr. MacNICOL: Yes, and that is only fair.

Mr. HOWE: The enviable position of Imperial Oil is this. They are located in the area. They have a certain field, but before it can be available and before they can get any substantial amount of money they must spend another $30,000,000 for development work and $60,000,000 for a pipeline before they will begin to get any return whatever from the field.

Mr. MacNICOL: And they spent $10,000,000 in the beginning.

Mr. HOWE: Yes. They spent $10,000,000 before the Americans came in. I wish the hon. member would not interrupt me. He has upset my train of thought. This development work will probably take from eight to ten years. I admire a private company that can take a gamble of that kind. I may say that all these wells have not been successful. A number of dry wells have been encountered, and there is nothing sure about the fact that that field will be large enough to warrant a pipeline to the coast. If it turns out not to be large enough to warrant a pipeline the expenditure that is made from now on will be lost for many years. It is a huge speculation. It is a speculation that large oil companies can take. I have never known one as large as this; nevertheless, I am proud of the fact that a Canadian company—Imperial Oil is a Canadian company—is strong enough to undertake a development that requires such a tremendous risk of capital and so much courage to carry to completion.

Mr. GREEN: They are really a subsidiary of Standard Oil of New Jersey.

Mr. HOWE: Assuming they are; nevertheless they are a Canadian company operating under Canadian laws with a substantial Canadian ownership. I hardly think that it has been the policy of this country through the years to discriminate against a Canadian company because some of its stock is owned in other countries. That is the position. I may say that every other company has the same right as the Imperial Oil company to go into that area and develop it. When the pipeline is built it will be a common carrier. If it is built by the Imperial Oil company, the smallest oil company that cares to go into that country and develop it will have the same right to use that pipeline and can use it at the same transport rate as the Imperial Oil company. The pipeline will be operated by a company whose rates will be regulated by the board of transport commissioners for Canada, and its use will be available to everyone operating through the area. The government sincerely hopes that other companies will go into that area and develop it. Every development will provide a portion of the 300,000,000 barrels required to justify the pipeline; and if other companies will provide a part in the proven oil resources it will mean that much less for Imperial Oil to do, and that much shorter time before this area can be brought into production.

What is the Canadian interest in this development? Canada is a beggar for oil. We are knocking at every door on the American hemisphere to get petroleum to-day. In normal times we produce about seventeen per cent of the petroleum products that we consume. At the present time we produce considerably less than seventeen per cent of the petroleum that Canada is using. We formerly got our petroleum largely from United States sources, partly from the Caribbean area. We find that certain sources previously open to Canada are being depleted or overloaded to an extent that they are no longer available. We must go farther and farther afield. Formerly British Columbia was supplied entirely from California—

Mr. GREEN: And Peru also.

Mr. HOWE: To some extent, perhaps. To-day we are going almost entirely into South America for our supplies of petroleum for British Columbia. On the Atlantic coast we are going farther and farther south all the

time to get crude petroleum and we are obtaining a lower grade of crude as the months go by.

If the world felt that Canada had large deposits of petroleum within its own boundaries which it was not attempting to develop I am sure that our reception would not be as cordial as it is to-day when we ask the United States and other countries to share their petroleum supplies. It is of great national importance that Canada should have an important source of petroleum within its own boundaries. The distribution of petroleum is limited by economic factors. The only possible way of getting petroleum out from the area in question is to the Pacific coast and then by tanker; but if we had a good supply there we could trade that oil for United States oil in position to serve eastern markets and would be in a vastly stronger position with respect to petroleum than we are to-day.

I ask hon. gentlemen in looking at this transaction not to look at the minute details. I believe that the minute details are perfectly in order. We are developing oil in the Northwest Territories just as we developed oil in every other part of Canada and just as every other country in the world has developed its oil. As a matter of fact, every province except one has given oil leases on practically the same terms as those have been given in the Northwest Territories. Although this deposit is in an area of extreme temperatures in which development work can be carried on only for a portion of the year, and in spite of the fact that there is this great transportation problem of moving the petroleum to the coast, the royalties charged and the terms of exploration are just as onerous as they are in other parts of Canada. Speaking personally, I can say that I fear the Department of Mines and Resources have driven too hard a bargain. My only fear in the transaction is not that the bargain is not hard enough, not that the government has not squeezed out the last share that can be squeezed out, but that the terms may be so onerous that the development may be stopped. I am indeed glad to note that the government of the day can, if that position proves to be the fact, relax the terms to a certain extent. I think that is a very fortunate saving clause in the contract. It may be that the development will go smoothly. Perhaps the schedule can be maintained, and the estimates in the hands of the oil companies completed. It may be that the company can carry out this development and pay the ground rentals and royalties called for in the lease; but to me the main thing is to get a major Canadian oil development which will make Canada independent in her oil position in the world.

[Mr Howe.]

Mr. GREEN: Is it not important to get other operators in there?

Mr. HOWE: Yes; we hope that other operators will come in. I may say they are in exactly the same position as Imperial Oil if they do come in.

Mr. GREEN: Hardly that.

Mr. HOWE: It has been suggested that Imperial Oil have a monopoly on a great part of the area. That is not true at all. All the property on which the Imperial Oil has rights is a small speck on the map of the Northwest Territories and a not much larger speck on the territory which has in a sense been proven to be oil-bearing from surface observation. There is ample property left. Perhaps the total claim of Imperial Oil is about two per cent of the acreage that is believed to be oil-bearing. I may say that some of the acreage is nearer markets than the acreage Imperial Oil has at Fort Norman.

I hope that hon. members will take my viewpoint, that the main thing is to obtain oil from that territory and to develop that territory into a source of supply for Canada. That is the important thing, and the exact terms on which that oil is obtained, to my mind pale into insignificance in relation to the main problem.

Mr. GRAHAM: What is the type of crude there?

Mr. HOWE: It is a very good crude.

Mr. NICHOLSON: It would appear to me that it should be government policy to plan for the production of the greatest quantity of oil with the least amount of labour in the post-war period. I think it is taken for granted that oil will be a very important commodity in the life of Canada; and since the government has spent very large sums of money in geological survey work and in developing the north country, I think plans should be made now for the government to go into this newest development in order that the Canadian people may obtain some return from these large expenditures. Last summer, while returning from the north country, I travelled for two days with some seventy Americans who had been employed on airport construction work in the far north. The lowest paid man in that party had received $450 a month, with board; carpenters were paid $500 a month and electricians $550 to $600. The government of this country is planning to take over these bases, as I understand it, paying all the cost of their construction; and many of these places will be of use in the development of the resources of the far north.

Having in mind what has been done by the government in a critical period of war—I have in mind a visit I made this week to one of the prize babies of the Minister of Munitions and Supply at Sarnia—and remembering how the minister can boast of what has been done with public funds in connection with publicly owned corporations, I see no particular reason why the government could not take the risks involved in the drilling of wells, even if they should be dry wells. Imperial Oil or any other company must get from the Canadian people the funds they intend to use in this development. I believe that if we knew the very large amounts of money that bakers, tinsmiths and farmers in Ontario and Quebec have lost during the last twenty-five years in wildcat oil developments we would find that the experimental work has been very costly. Having made such very large expenditures in the past, however, I should think it would be government policy now to determine that the government should take the cream as well as the skim-milk. I believe it would be a great calamity if in the post-war period we should have half a dozen companies planning to build plants such as the one at Sarnia, when one plant of that size undoubtedly will be able to produce all the rubber we are likely to use, with something over for export. Similarly I believe the development of our oil resources should be carried on as part of a national policy to produce all the oil available in Canada to keep the wheels of industry turning and to export the surplus to other, less fortunate countries, if that is possible. I think at this stage the minister might make some statement indicating that the people of Canada will have a chance to recoup the large expenditures that have been made in the past in connection with the development of the northern country.

Mr. GRAYDON: I have said nothing in this debate so far, and I rise at this time only to say a word in support of some of those who have taken part in this discussion. I think anyone who has studied the possibilities of that northern territory must range himself in support of a larger, more comprehensive scheme for its development. In the years to come I am sure this area of such potential wealth will come to be regarded as one of the most important parts of this country, and I wish to support much that has been said by those who preceded me, particularly the hon. member for Vancouver South, who suggested that we should take advantage of the expeirments and the experience of our neighbours across Bering strait, the Union of Soviet Socialist Republics. In replying to the suggestion that we should take advantage of the valuable experience of Russia I thought the minister's answer was not perhaps as comprehensive as it might have been. I think we might very well take advantage of the experiences of other countries in developing areas whose climate and other characteristics are similar to those of the northwest part of our dominion. So that in these very few words I should like to identify myself with the suggestion that has been offered in that regard, and I hope the minister will accept in a kindly way the advice that has come from this side of the house during this debate, which I think has been constructive and to the benefit of the Canadian people. I should like to see the government adopt a forthright, vigorous and well considered policy for the development of the Northwest Territories, so that in the years to come this will become one of our richest and best developed districts.

Mr. CRERAR: Some useful, constructive suggestions have been advanced during the course of the discussion. I believe my department is fully aware of the importance of taking advantage of everything that can be learned of what is being done in Russia. In my opinion the Department of Mines and Resources and indeed the dominion are very fortunate in having as deputy minister Doctor Camsell, whose knowledge of the whole north country is probably greater than that of any other Canadian. I would mention to the leader of the opposition that the Siberian or arctic region of Russia differs substantially from the arctic region of Canada. Our great northern area is largely found within what is known as the pre-Cambrian belt of rocks, which extends from Labrador, swinging around south of Hudson bay down as far as Port Arthur, and then in a northwesterly direction up to Great Bear lake, where the radium mines are, and on beyond the arctic. Therefore the development we may expect in a great part of our north country will be mineral development. I understand that conditions in Russia are somewhat different. Climatic conditions, I understand, are not quite as severe as they are in Canada, and they have timber and other resources.

Mr. GREEN: The article I read last evening said that their climate was worse than ours.

Mr. CRERAR: I know, for instance, that navigation is open every summer from Archangel, in the northwestern corner of Russia, around through to Bering strait. In Canada that is not possible. Ships have made the journey from Hudson bay to Bering strait,

but it has taken two years to do it. As a matter of fact a ship is on that journey now. Whether or not those conditions will improve, I do not know. Probably some improvements can be made. However, ice conditions appear to be worse in northern Canada than they are in Russia.

I can assure the leader of the opposition, however, that the department is fully alive to the importance of gathering all possible information. I remember reading within the last six or seven years a book entitled, "Forty Thousand Against the Arctic," describing northern developments in Russia. All the data which can be gathered is being gathered. I should like to express a measure of satisfaction that there is among the membership of the House of Commons a substantial growing interest in the possibilities of our north country.

Mr. GRAYDON: The minister should mention the hon. member for Davenport, particularly.

Mr. CRERAR: I have done so, several times.

Mr. MacNICOL: The hon. member for Vancouver South asked a question the answer to which I did not hear. I believe I can answer it. At page 1 of the report of the special committee at Washington investigating the national defence programme, I find something which I believe answers the hon. member's question. After stating that the programme in connection with Canol would cost $134,000,000, the report states:

> The second part of the Canol project will cost approximately $99,000,000. It includes prospecting for oil and developing new wells in the vicinity of Norman Wells in Canada at a cost of about $17,000,000.

So that I take it from that that the United States government has undertaken to pay the Imperial Oil company the cost of the drilling, namely $17,000,000.

Mr. NOSEWORTHY: If I understand correctly, the Imperial Oil company have an option in respect of drilling on 2,000,000 acres. They have a number of years or a given period of time after which they must decide how many acres they want to lease. I did not get the length of time they were permitted to carry out their exploration work before they must name the number of acres they want to lease. Will the minister give us that information?

Mr. CRERAR: They can get the eight permits of 256,000 acres each.

Mr. NOSEWORTHY: Two million acres.

Mr. CRERAR: That is for exploration and drilling. Within three years that must be reduced to 1,000,000 acres. And finally it gets down where they can select 350,000 acres.

Mr. NOSEWORTHY: I take it, that this 2,000,000 acres on which they may take an option includes the territory that has been proven, with the aid of the United States government finances, under our war programme.

Mr. CRERAR: The 5,000 acres, which is what we have been describing as the proven field, is not included in that. They have outside of that, within the radius of fifty miles, 140,000 acres. I understand that the 5,000 is included in the 140,000.

Mr. NOSEWORTHY: This 2,000,000 acres will unquestionably be the 2,000,000 that at this date offer the greatest promise for oil?

Mr. CRERAR: No, not necessarily. It is true that oil has been found in this area; but fifty miles away there may be a better field than was found at Norman Wells. No one can say, until the geological structures are studied. That is nothing new; it has happened in every oil field in the world.

Mr. NOSEWORTHY: The minister did not make clear just how many years the company will have before it must decide finally how many acres it will lease. He has said that after threee years the 2,000,000 acres will be reduced to 1,000,000 acres. Then, after a given period, it will be reduced still further. What is the time limit before they must make their final decision?

Mr. CRERAR: Within six years from the time the operation begins they must get down to 350,000 acres or less.

Mr. ROWE: They have been in there for more than twenty-five years.

Mr. GREEN: Have any recommendations been made in connection with development of northern Canada by the joint economic committees of the United States and Canada. On June 20, 1941, these committees were appointed, and on January 25 of last year it was announced that they were going to undertake a study of the north Pacific area, including Alaska, the Yukon and northern British Columbia.

On February 22 of last year the Prime Minister said:

> The object is to study the possibilities for the economic development of the region for the benefit of the two countries and for the welfare of the inhabitants of the area.

At that time no recommendations had been received from the committee. Have any been received since that time?

The ACTING CHAIRMAN (Mr. Golding): That has nothing to do with the item. We want to deal with the items as they are.

Mr. GREEN: With all due deference, Mr. Chairman, the item deals with the Alaska highway and the Canol project.

The ACTING CHAIRMAN (Mr. Golding): Yes.

Mr. GREEN: One goes through the Yukon and the other through northern British Columbia and the Yukon. Certainly they are economic developments. The committee to which I referred was a joint committee of the two nations appointed for the purpose of recommending what economic developments would be undertaken. Since that committee was appointed, both these projects have been undertaken. I have asked the minister whether or not there have been any recommendations with regard to the projects, and I submit I am in order.

Mr. CRERAR: I can answer, briefly. This was a joint committee. I believe that in the initial stages it was expected a joint report would be prepared. I understand now that it is exchanging information, and that each section of the committee is going to report to its own government. As yet the Canadian section has not reported to the Canadian government.

Mr. GREEN: There has been no report from it at all?

Mr. CRERAR: Not yet.

Mr. GREEN: Although it has been appointed for more than three years.

Mr. CRERAR: It is not three years, is it?

Mr. GREEN: June 20, 1941.

Mr. CRERAR: Well, no report has come in yet.

Mr. NOSEWORTHY: I wish to join with those who have already spoken, to express the desire of this group to see this territory developed. I believe we have made it quite clear that our chief concern is to see that this rich area is developed. To-day it is practically the only area containing vast sources of natural wealth which has not been handed over, in one form or another, to large monopolistic interests. I am not going to continue this discussion any further. I should like to say something about the statement made by the hon. member for Davenport, but his riding adjoins my own and I have no doubt that we shall have ample opportunity to exchange views on this subject.

I wish to endorse what has been said by the leader of the opposition and the hon. member for Vancouver South regarding the profit that may accrue to the Canadian people from what has been done in the northern areas of Russia. I was delighted to hear the minister say that his department has already given consideration to those developments and studies which have been carried on by our allies. I should like to ask him if from the study his department has made he has found that that country has given any corporation comparable with Imperial Oil the exclusive right to explore 2,000,000 acres of their oil fields?

Mr. CRERAR: No. I confess that my studies have not proceeded to that point, but I would think it most unlikely that Russia had done so. Up to the present time Russia has carried on under a different political philosophy from that obtaining in Canada, one that is probably more in accord with the views of my hon. friend. I do not know upon what basis Russia has developed her north country.

Item agreed to.

Dominion forest service—internment and prisoners of war operations, $52,800.

Mr. GREEN: Will the minister explain this item and tell us the approximate number of prisoners of war and internees being used in these forest operations, and the type of work they are doing? Will he tell us also whether any attempt is being made to segregate the nazis from the anti-nazis?

Mr. CRERAR: I do not know that I am in position to give my hon. friend the number of prisoners of war working in any particular camp.

Mr. GREEN: I did not ask for those in any particular camp; I wanted the number at work.

Mr. CRERAR: I think I can go as far as saying that last year there were 44,062 man-days. I cannot tell my hon. friend where that work was performed or the number of men who were working at any particular time.

Mr. GREEN: Has any attempt been made to segregate the nazis from the anti-nazis?

Mr. CRERAR: That matter would be under the Department of National Defence; it would have nothing to do with this vote. These people are in the custody of the Department of National Defence, but the cost of supervision is covered by this vote. Trucks are required, and tools and other equipment to enable them to do the work, and that is all charged against this vote. The information in regard to the number should be secured from the Department of National Defence.

Mr. NOSEWORTHY: What is the nature of the operations?

Mr. CRERAR: Some of them are cutting cordwood; others are cutting pit props; others are cutting fence posts and some are doing other lumbering operations.

Mr. NOSEWORTHY: It is useful work?

Mr. CRERAR: Useful and necessary work.

Mr. SHAW: What is the government policy with respect to the sale of posts, pit props, mine ties and so forth? We have a peculiar situation here. The government is not paying wages comparable with those being paid by companies engaged in this work. Are you selling the product at a price comparable with that being charged by those regularly engaged in this type of work?

Mr. CRERAR: The prices at which props or wood or anything else is sold are fixed by the timber controller or the fuel controller, as the case may be. I think that gives the information asked by my hon. friend.

Mr. SHAW: Back in 1942 there developed an acute shortage of pit props, ties and so forth in the minefields of western Canada. I think that shortage was owing to the fact that the price which the producers were able to charge did not enable them to secure labour; in other words, they could not afford to pay the wages asked. At that time the government adopted the policy of paying a subsidy of $3.50 per thousand lineal feet and at the same time they put conscientious objectors and prisoners of war at work producing these commodities. Then in January, 1944, after more than a sufficient quantity of these products had been produced to meet the demand, without notice the subsidy was terminated. The producers of these products had responded to the request of the government and had produced thousands of lineal feet of mine ties and pit props, but before they could deliver them the government notified them on January 20 that the subsidy had been discontinued as of the previous day.

Mr. CRERAR: I do not wish to interrupt my hon. friend, but I think he is talking about something that is not concerned with this vote. There are no subsidies paid under this vote. For one reason or another a number of people were interned, or a number of prisoners of war were available, and they were put to work cutting cordwood, pit props, lumber, fence posts and so on. The Department of Mines and Resources has control of the forest experimental plots or areas and supervises this work. The material produced is disposed under terms set by either the timber controller or the fuel controller. No question of subsidy enters into the matter.

Mr. SHAW: I quite recognize that fact.

Mr. CRERAR: My hon. friend has certainly been good throughout the debate, but I doubt if he is in order in discussing this matter on this item.

Mr. SHAW: Then I will put myself in order by taking the minister's own words that these commodities are disposed of by the department over which he presides and I shall develop my argument on that basis. While I shall not say all I had intended to say, I object to the government utilizing prisoners of war or conscientious objectors to produce a commodity which I believe they have put on the market at a lower price than regular producers can afford to offer it at. I have no objection to these people being put to work; in fact I believe it should be done, but it is not right to compete with established businesses upon an unfair basis. Perhaps I may just mention that while it is true that the pit-prop producers, when the $3.50 subsidy was withdrawn, were allowed to raise their own price by $3.50, when they tried to deliver their materials to the mines they were told by the mine owners, "We do not want your product, because we can buy it from the government at a lower figure." That in itself justifies the criticism which came from the Alberta Mine Timbers Retail association. They protested most vigorously against the use of this type of labour to produce a commodity which, by reason of the circumstances under which it is produced, can be sold at a lower price than regular producers can afford to charge.

While I recognize that the wartime prices and trade board and the Commodity Prices Stabilization corporation are tied in with this, it is sometimes extremely difficult, especially with the set-up as it is to-day, always to be in order when one discusses it, because there are three organizations involved—the two I have mentioned, and a government department. I object to any policy whereby the government puts prisoners of war and conscientious objectors at work to produce a commodity and thus undersell persons who are regularly engaged in that type of work. The minister suggested that that was not being done. I hope not, but we have reason to believe that it is.

Mr. MITCHELL: Prisoners of war and conscientious objectors come under the jurisdiction of the Department of Labour, and I

wish my hon. friend clearly to understand that at no time have they been used in competition with what may be termed free labour in an effort to undersell ordinary producers. That is an elementary and fundamental principle. My hon. friend can make any case he likes, but I assure him that under no circumstances is the product of prisoners of war and conscientious objectors underselling the products of free labour.

Mr. ROWE: With reference to the employment of prisoners of war, what the Minister of Labour has said is quite true. The wages which are paid prisoners of war to-day by companies do not cheapen the production of what they create, and certainly in none of the companies by whom they are employed has civilian labour in any way been prejudiced. These people are used only where civilian labour is not sufficiently plentiful. I feel, however, that the scanty proportions of this vote reflect the government's policy toward forest services generally. The minister shakes his head, but we find that from year to year during the war the expenditure in his own department on this work has been less as the years go by. From 1939 to 1942 there has been a very substantial reduction.

The ACTING CHAIRMAN (Mr. Golding): I do not think that upon this item we should get into a general discussion in connection with forests.

Mr. ROWE: This subject pertains to forest services generally, and the amount to be voted under this item has to do only with forest services. I submit that considerable latitude has been taken even by the minister himself; we have been in Russia and Japan and all over the Pacific. We also took in a lot of latitude in the items which preceded this.

The ACTING CHAIRMAN (Mr. Golding): I think too much latitude has been taken under all these items. This particular one states definitely, "Internment and prisoners of war operations"; it does not have to do with general policy in connection with forests.

Mr. ROWE: Very well, Mr. Chairman.

Mr. CRERAR: I wish to make one or two remarks in reply to the hon. member who has just spoken. He is under a misapprehension or perhaps in some confusion. This vote is not intended for forest development work; it is to provide for the supervisory expense of looking after certain internees or prisoners of war.

Mr. ROWE: It is the first item under "forest service".

Mr. CRERAR: Quite true. As I have explained, that is what this vote is for, but my hon. friend is under a misapprehension if he measures by this vote what we are doing in forestry work. In our civil estimates, which in due course will be before the house, is an item of over $300,000 for forestry work. But this has nothing to do with that; it is merely a vote for which we are asking to supervise the work of internees and prisoners of war who happen to be employed at dominion forest experimental stations.

Mr. NOSEWORTHY: The vote last year under this item was $42,445. Will the minister tell us what the actual expenditures were, and also what income accrued to the department through the sale of what these men produced?

Mr. CRERAR: I have already explained to the committee that the work of these internees and prisoners under supervision was directed to the production of cordwood, pit props, a small amount of lumber, fence posts, and pulpwood.

Mr. NOSEWORTHY: Those were sold?

Mr. CRERAR: I can give my hon. friend the figures. There were produced over 16,000 cords of wood, including 5,000 cords to heat the internment camps; 2,750,000 odd lineal feet of mine props; over 12,000 lineal feet of fence posts, including fence posts for the internment camp; over 1,100 cords of pulpwood; and over 55,000 feet board measure of sawn logs. My hon. friend asked what the receipts were. I am sorry we have not that here, but the material was sold at prices fixed by the timber fuel controller.

Item agreed to.

Forest products laboratories, $56,400.

Mr. ROWE: Will the minister explain this item?

Mr. CRERAR: This is war work carried out by the laboratories. The purpose is to ascertain the best means of preservation and fire retardment treatment of wood for various purposes, serviceability of wooden aircraft under different climatic conditions, recovery of ethyl alcohol from wood waste for use in the manufacture of synthetic rubber, the use of paper plastics for aircraft and for other purposes, charcoal for producer gas and metallurgical purposes, the moulding of aircraft parts to double curvature, the seasoning of lumber for special war purposes, and work of that kind. That is all directly related to the war.

Mr. PERLEY: How many different laboratories are there?

Mr. CRERAR: There is one in Montreal, one in Ottawa and one in Vancouver. That is the character of the work done, and the increase is due simply to the increasing demand made on laboratories by war services.

Mr. GREEN: Some time ago there was a discussion about the possibility of setting up a forest products institute in Vancouver in connection with the university of British Columbia. I understand that a tentative agreement was reached between the dominion government, the provincial government and the board of governors at the university and the timber industry at the coast. What progress has been made with that project?

Mr. CRERAR: Some discussions in that regard have gone on with the government of British Columbia, with the university of British Columbia, and with the timber industry in that province, and I understand that substantial progress has been made. The likelihood is that before very long an agreement will be worked out.

Mr. GREEN: When will that project be undertaken? Is it a post-war project?

Mr. CRERAR: It was agreed that it would be post-war, that it would be carried on after the war. It involves the erection of a building, and the provision of facilities and equipment necessary for the work. It would be difficult at the moment to get the labour and materials for the construction and equipment necessary.

Mr. GREEN: But it is the intention to go ahead with it?

Mr. CRERAR: Yes. The agreement is practically worked out and I have no doubt we shall carry it through. At least I hope so.

Mr. ROWE: Is the general laboratory work carried on for post-war as well as for war purposes?

Mr. CRERAR: In Vancouver?

Mr. ROWE: No, in the estimates?

Mr. CRERAR: Yes. It is directed mainly to war work now, but these are the functions carried on by the department in normal times. They have been carrying on research work and investigations but since the war most of the work has been directed to matters relating to the war.

Mr. ROWE: I wish to emphasize again the scanty attention that has been paid by the dominion department to the forest products industry. When one considers what has been done during war years in Germany and in other European countries, one sees that our amounts as well as our efforts are infinitesimal in comparison with the enormous resources we have to deal with. I know the minister does not want me to hold up the estimates, but this afternoon we discussed possible treaties with Russia and the question of how we are going to fight Japan, and what we shall do in the post-war period. Many hon. members on the other side of the house have emphasized the importance of the gold mining industry to give employment in the post-war days, and we can all agree with that.

The ACTING CHAIRMAN (Mr. Golding): Which was all out of order.

Mr. ROWE: No, Mr. Chairman. I submit that the hon. member for Parry Sound was not out of order when he was dealing with gold mining under the minerals item. The minister himself now states that this is for post-war considerations as well. However, I realize that these are war appropriations and I will not hold them up long, though I submit again that this side of the house has not been doing all the holding up. Let me emphasize that our whole approach as a dominion parliament and as a dominion government to our post-war possibilities in the forest products industry, and to post-war employment that will be given by that industry, has been very much neglected. Indeed, it has been a miniature compared with the part that the forest products industry plays in the war and the part that it will play after the war. Just consider the different uses of the forest products of this country, from hospital waddings to the parcelling of goods for the boys overseas, buildings, wall board, as well as ammunition, and all sorts of paper requirements, the things that are used every day in the war. Consider the tremendous shortage that exists and the difficulty we are experiencing in maintaining the supply of pulps for explosives and waddings, pulps to make parcels, and so on. There is, I repeat, a vast shortage and this is a small vote for the laboratory work during war time. The time has come when as a dominion we must assume more of the responsibility for the promotion and encouragement of the second greatest industry in Canada, the one that offers the greatest possibilities in the post-war period, the industry that is second only to food production in the requirements of the war. The minister has mentioned $300,000 that may be brought down later. He says, I believe, that that is more than was spent in 1941 and 1942, when the expenditure was $60,000, less than in 1939. Well, $300,000 is

not much for an industry that brings in, in revenue alone, almost $80,000,000 a year, an industry that pays out in wages $200,000,000, an industry that employs between 300,000 and 400,000, an industry that plays a more important part than any other except agriculture. It may be said that this comes under the provinces, in connection with civil and property rights. Well, one might just as well say the same about agriculture. We must realize that if we are to win the war and to win the peace that will follow we must have some practical and creative policies in our approach to a sound development of our great natural resources. Some would say, "Very well, we will handle all that through the state", but if we are to give employment to our people we must realize that we have a part in protecting, maintaining and preserving the great forest wealth of Canada that lies behind such employment.

I am not going to deal with many of the items on which the government might well spend money. The spruce bud-worm situation has been mentioned here. If the government were doing its duty toward our great natural resource it would have a larger vote directed toward the crucial years of the spruce bud-worm infestation, much larger than the amount mentioned here for all other laboratory purposes. I wish to mention only the general principle and the utter neglect which the government has shown toward this great industry not only in recent years but for many years. I am delighted to find that the leader of this party, Mr. John Bracken, who has studied the problems of this industry, as he has carefully studied the problems of other industries, made a speech not long ago in which he demonstrated his appreciation of the part our forest resources may play in post-war development. I urge the minister seriously not only to consider increasing this vote, but when he brings down his other estimates, not to talk about $300,000, but to assume the responsibility that he should toward an industry that has been so long forgotten.

I realize that this item is not a large one. I am not criticizing it for its size; I am criticizing it because it is scanty and is an indication of the government's appreciation of the problem. In this dominion we have done practically nothing for the forest industry. The minister's department has spent more on the national parks of Canada alone than on the promotion of all the forest products of the country. When one stops to realize it, Mr. Chairman, one must think that if we have not awakened in peace times we should have awakened in war time, and for war purposes we should at least be abreast of other nations who have been spending not in one year but for twenty years amounts that make us look like a backward nation. We are a nation that holds the key to the greatest forest resources development of any nation in the world. I urge the minister to reconsider, especially when he is bringing down his other estimates, increasing the vote in order to do the many things that are waiting to be done. I urge that he increase his other vote and give forestry its proper place in this country.

I may say here that after the next election—and it may not be long in coming; it is well indicated now—we shall have a keener appreciation of the forestry industry and we are likely to have a forestry department. In the meantime the minister who has had a long experience in the mines department, may at least take a leaf out of the constructive book of Mr. Bracken and show some progressive productivity.

Some hon. MEMBERS: Where is he?

Mr. ROWE: He is out studying the problems that hon. members who have just made that remark do not understand, and I am glad that we see the results of some of that study in a clear comprehension of the problems that confront this country.

Mr. CRERAR: The boundless optimism of my hon. friend as to what may happen in the next election certainly challenges one's admiration. He chides us for the smallness of this vote. He criticizes the government because of its parsimony in dealing with the problems of the forest wealth of this country, and he evinces a remarkably keen interest—

Mr. MACKENZIE (Vancouver Centre): Newly discovered.

Mr. CRERAR: —a newly discovered interest in pushing forward the value of our timber assets. I do not know how recent the conversion of my hon. friend to that point of view has been, but if he will take the trouble to go back eight years, to the time when his party was in power, and compare the amounts that the Conservative party, as it then was, appropriated for work of this kind with the amounts that have been appropriated and expended since this government came into power, even under the stress of war years, he will find, I think, some food for thought.

Mr. MACKENZIE (Vancouver Centre): He knows that.

Mr. CRERAR: In the observations that he has made—

Mr. ROWE: I said that.

Mr. CRERAR: —the hon. gentleman is evidently putting a great deal of faith in Mr. Bracken. Well, I do not quarrel with that. I know Mr. Bracken.

Mr. SENN: You should know him.

Mr. CRERAR: I may say to my hon. friend that I supported Mr. Bracken in several provincial elections in Manitoba. I supported him when the Conservative party were calling him everything under the sun—and trying their best to destroy him.

Mr. MACKENZIE (Vancouver Centre): They are now.

Mr. CRERAR: If my hon. friend wants the proof let him look up the newspaper files of those days. I am glad he thinks Mr. Bracken is interested in a forest policy. I believe he is. Probably Mr. Bracken is a little more interested in a forest policy than he is in the official opposition in this house at the present time, if I may judge by everything I can learn about Mr. Bracken's work.

Mr. PERLEY: What did the minister think of his present leader when he first came to this house?

Mr. CRERAR: Well, now—

Mr. ROWE: Look up the records on that.

Mr. CRERAR: The hon. member for Qu'Appelle does not need to barge into this discussion in this way because he was one of the gentlemen, if I mistake not, who came into Manitoba and campaigned against Mr. Bracken.

Mr. PERLEY: I ask the minister to withdraw that. Never in the world did I make a speech in Manitoba against Mr. Bracken. I went into Manitoba and spoke against the minister's government but never against Mr. Bracken.

Mr. CRUICKSHANK: And they elected us.

Mr. CRERAR: If my hon. friend did not, and I think my memory is right—perhaps my hon. friend is right, but there is no question that the hon. member for Qu'Appelle lent all the moral support he could to the Conservative party in Manitoba when it was seeking night and day every day in the week to destroy Mr. Bracken.

Mr. MACKENZIE (Vancouver Centre): "Bracken must go" was the slogan.

Mr. CRERAR: "Bracken must go" was the slogan, a man unfit to be premier of Manitoba. The hon. member for Winnipeg North Centre could support my statements to that effect if he would care to do so. Therefore it is rather amusing; it is, indeed, decidedly interesting, to hear the hon. member for Dufferin rise in his place as he did to-night and in the best preachment style of which he is capable—and he is some performer in that direction—admonish this government and criticize it because it has failed to show proper regard to the development of the forest industry in this country.

Mr. ROWE: I said, "All governments in the country"; I did not confine it only to this government.

Mr. CRERAR: My hon. friend did not say that.

Mr. ROWE: Yes, I did; I said "all governments".

Mr. CRERAR: My hon. friend directed his shafts at this government.

Mr. ROWE: I said "all governments".

Mr. CRERAR: If you go back to the days prior to the Conservative regime of 1930, that started in those unfortunate early years of 1930, what do you find the government of the day, the Liberal government, did? Look at the records and see what it was spending on work of this kind and contrast it with, I was almost going to say the parsimony of my hon. friend's party when it was in power from 1930 to 1935. Contrast that again with what has been done from 1935 up to the present time, even during the last five years of war. Why, my hon. friend has not a single peg on which to hang his hat.

Mr. ROWE: That is why we need a new interest now; we have a new day coming.

Mr. CRERAR: The new interest that would be provided by my hon. friend would be a retrograde interest. I would be desperately afraid if the thing were entrusted to my hon. friend. However, this vote does not cover what the department is doing for the development of forest resources; it is merely for the supervision of the work of these prisoners of war in internment camps.

Item agreed to.

Alternative service work camps, $127,000.

Mr. PERLEY: Would the minister explain this and tell us where these camps are established?

Mr. CRERAR: The alternative service camps are in three national parks; Banff, Kootenay and Riding Mountain, and in Kananaskis forest station in Alberta and the Petawawa forest station in Ontario.

Mr. PERLEY: What is the nature of the work?

Mr. CRERAR: It is the same as I explained under the previous vote; that is, pit props, cordwood, pulpwood, fence posts and other products of that kind.

Mr. PERLEY: You are keeping away from Saskatchewan on this vote?

Mr. CRERAR: Yes. The only part of that province in which we could get this work done would be away up in the northern section.

Mr. STIRLING: Would the minister say how he finds the Doukhobors work in his camps?

Mr. CRERAR: Fortunately or unfortunately, personally I think fortunately, we have no Doukhobors in any of these camps.

Mr. STIRLING: In none of the alternative service camps?

Mr. CRERAR: No.

Mr. NEILL: Where is the British Columbia camp?

Mr. CRERAR: In Kootenay national park, which is between Banff and Golden.

Item agreed to.

National parks bureau—
Alternative service work camps, $250,000.

Mr. KNOWLES: Would the minister explain why this description appears in two separate items? First we have alternative service work camps, $127,000, and now alternative service work camps, $250,000. Is the work different? Why should there be two items dealing with this matter?

Mr. CRERAR: One covers the work in the dominion experimental forest stations I mentioned a moment ago, Kananaskis in Alberta and Petawawa in Ontario. The other is for the work in the national parks, which I also mentioned; Kootenay, Banff and Riding Mountain. It is merely a distinction. Probably they could have been linked together, but putting it in this form gives more complete information.

Mr. KNOWLES: Then the camps you mentioned cover both these items?

Mr. CRERAR: Yes.

Item agreed to.

Surveys and engineering branch—
Prince Rupert–Terrace–Cedarvale highway, $3,000,000.

Mr. REID: Would the minister give a break-down of this item? Would he also explain why the federal government, after starting a highway which when completed was to extend from Vancouver to Prince Rupert, should leave a small portion of eighteen miles for the provincial government to complete? The people of British Columbia, and particularly those of the Prince Rupert district, are rather incensed at the federal government for leaving that small portion to be completed by the province. Would the minister explain this item and why that work is being left to the province?

Mr. CRERAR: It will be necessary to deal very briefly with the genesis of this road. Ordinarily, as the hon. member for New Westminster knows, the dominion government does not go into a province and build a road. Years ago, under the government of the present Prime Minister, we did build what is known as the Big Bend highway in British Columbia. The road under discussion never would have been undertaken by the federal government if it had not been for the needs of war. The suggestion for the road came first, I believe, from the United States chiefs of staff; it was concurred in by the Canadian chiefs of staff, and was recommended by the permanent joint board on defence. Its origin is similar to that of the Alaska highway, the development of the Canol project which we were discussing this afternoon, and other matters. In considering the defence of North America the military authorities had to keep constantly in mind the possibility that coastal traffic would be interrupted. At a certain period of the war that was a danger. There was a road of sorts, capable of supporting truck traffic, from Vancouver to Hazelton, on the old Grand Trunk Pacific.

Mr. CRUICKSHANK: A road of sorts.

Mr. CRERAR: Parts of it were all right; parts perhaps were not so good. At any rate it was a passable road. There was also a road of sorts from Hazelton toward Terrace, which under certain weather conditions was capable of being used by vehicles. Between Cedarvale and Prince Rupert, for a distance of ninety-seven miles, there was no road whatever. That country was a wilderness; the only outlet was the old Grand Trunk Pacific railway. It is not my place or my function to pass judgment upon the opinions held by military people, but certainly the chiefs of staff at Washington, supported by the chiefs of staff in Canada and the permanent joint defence board, recommended the construction of this road from Terrace to Prince Rupert in order to provide an alternative route in case

the railroad should be destroyed. This was predicated, perhaps, on a very long chance that coastal communications might be interrupted.

Mr. GREEN: The chance was not so long at one time.

Mr. CRERAR: Perhaps not; I agree with the hon. member for Vancouver South that there was a definite possibility. That is why the road was undertaken. Nothing was known about the country, so that reconnaissance surveys had to be run. The work was entrusted to the Department of Mines and Resources, and under the surveys and engineering branch, in charge of Mr. Wardle, these surveys were made as speedily as possible. Undoubtedly greater difficulties intervened than had been expected. Surveys had to be made. There was a good deal of rock work, and much heavy timber to be moved. There was difficulty in getting labour and in getting materials. There were unfavourable climatic conditions, all of which increased the cost of the road, and delayed its construction very considerably beyond the period at which it was hoped it would be completed.

The fortunes of war have changed. If conditions at the beginning of 1942 had been as they are to-day, the probability is that the road would not have been recommended. It was built as insurance, and was thoroughly justified on that ground.

Mr. REID: Why not complete it?

Mr. CRERAR: I shall deal with that. The road was not constructed as an ordinary provincial road. The building of roads within provinces is the function and responsibility of the provinces.

Mr. CRUICKSHANK: Not all roads.

Mr. CRERAR: Yes, all roads, with the exception of the transcontinental highway, where the federal government has assumed certain responsibilities. But this road was constructed for military purposes. That military need has disappeared.

Mr. GREEN: Not necessarily.

Mr. CRERAR: Well, the military need, in the opinion of the chiefs of staff, has, I think pretty well disappeared.

Mr. REID: Sometimes they have been wrong.

Mr. CRERAR: The road, in addition to the original section from Terrace to Prince Rupert, has an additional mileage from Terrace to Kitwanga. That was also included in the construction. It is expected that the total cost will be between $10,000,000 and $11,000,000.

[Mr. Crerar.]

Mr. HANSON (Skeena): The minister has said that the chiefs of staff have decided that the completion of the road is not necessary. I am of opinion, and I am sure that the chiefs of staff recommended that this road should be completed—

Mr. CRERAR: Well, now—

Mr. HANSON (Skeena): —because it was necessary.

Mr. CRERAR: The chiefs of staff recommended the road, in the first instance. Now they do not think conditions warrant the government extending the road. I think that is right.

Mr. SINCLAIR: Finish, not extend.

Mr. CRERAR: No; the demand is that the road should be built further by the federal government. The whole matter was carefully considered by the government. In this appropriation we have $3,000,000 to complete some sections of the road which were not completed, and for maintenance purposes during the year.

Now, what the province gets out of it is 110 miles of a good and completed road, with bridges.

Mr. CRUICKSHANK: What does the dominion get out of it?

Mr. CRERAR: The dominion gets—

Mr. CRUICKSHANK: Security.

Mr. CRERAR: Well, yes, it gets security, which was indicated in the first instance. But I say now—

Mr. CRUICKSHANK: Is the war over?

Mr. CRERAR: I say now to the committee that I do not think the road would have been undertaken, in the light of conditions as they exist to-day.

Mr. REID: The same applies to the Alaska highway.

Mr. CRERAR: Of course.

Mr. GREEN: Will this vote finish the road?

Mr. CRERAR: This vote will complete the road to Kitwanga, and there is in the vote the amount necessary to maintain it during this season. There is the possibility that in the spring some bridges or culverts may go out. The road is new; we have to gain by experience. But the vote was intended to cover the completion of the road from Kitwanga to Prince Rupert, and to maintain it this season.

Mr. GREEN: Apparently there are some sections which will not be finished. Which sections are they?

Mr. CRERAR: The extension between Kitwanga and Hazelton.

Mr. GREEN: How far is that?

Mr. CRERAR: About twenty-three miles, I am informed. It is not up to the standard of the road from Kitwanga to Prince Rupert. There was a road there. The provincial government had spent money on a road at that point. Under certain weather conditions it is passable, so I am informed.

Mr. REID: And now they are left holding the bag.

Mr. GREEN: Surely that does not make sense—for the government to take this attitude. Surely this plan does not make sense. I understand that the vote will complete the road, with the exception of a bit in the middle of it.

Mr. CRERAR: No.

Mr. GREEN: Fourteen miles will not be completed?

Mr. CRERAR: No, no.

Mr. GREEN: And several millions have been spent on it. Why not complete the road as quickly as possible? The minister has referred to supplies being moved to Prince Rupert. It was not only a question of supplies, and still is not. It is also a question of bringing troops up from reserve. While we are very glad that the menace is not nearly as great as it was before, yet Prince Rupert is the most exposed centre on Canada's Pacific coast, and nobody can tell what may yet happen. The Japanese fleet has not yet been destroyed.

Mr. REID: And the road may be required at any time.

Mr. GREEN: And until the Japanese fleet is destroyed, we are not justified in taking chances. I would suggest that the minister ask for sufficient money to complete the road. It does seem foolish to leave a fourteen-mile gap which cannot be used in certain seasons of the year. Where on earth is the business sense in that?

Mr. CRERAR: My hon. friend is under a misapprehension. The road from Kitwanga to Hazelton is a passable road even to-day.

Mr. GREEN: In certain seasons, the minister says.

Mr. CRERAR: Probably if there were heavy rains, and muddy conditions, there might be some difficulty with traffic. But it is a passable road. It was not included in the first recommendation by the chiefs of staff. That covered only from Terrace to Prince Rupert. Later on, the additional stretches between Terrace, Cedarvale and Kitwanga were included. Now the demand is that another stretch from Kitwanga to Hazelton be included. Do that, and someone else comes along and says, "Well, there is another stretch of a hundred miles down this way, which is not in good shape, and which should be included." The government wishes to be perfectly fair in the matter, but we have not an inexhaustible supply of money, as hon. members know. The provision of money is for the Department of Finance.

Mr. KUHL: I thought it was a question of men and material.

Mr. CRERAR: The hon. member for New Westminster stated that British Columbia was left holding the bag.

Mr. REID: I did, and I repeat it.

Mr. CRERAR: Is British Columbia left holding the bag when we have spent $11,000,000 in building 112 miles of road, which is going to British Columbia, free?

Mr. CRUICKSHANK: If you do not finish it, we are.

Mr. CRERAR: I would be willing to be left holding the bag under those circumstances.

Mr. GREEN: With a gap in the middle?

Mr. REID: You did not finish it.

Mr. CRERAR: Yes, we did.

Mr. REID: No, you did not.

Mr. CRUICKSHANK: You did not finish it.

Mr. HANSON (Skeena): Since this road is in my riding I think I can give the committee some information about it. From Vancouver, British Columbia, this road is approximately 1,200 miles. The provincial government have built the road from Vancouver to a point fifteen miles west of Hazelton, or a distance of about 900 miles. The federal government undertook to build the road to link up that road to Prince Rupert. According to the minister, the government has spent something like $11,000,000. There is fourteen miles of this road which is passable at certain times of the year, and I understand that it will take about $100,000 to link these sections up. If a business man or a corporation spent a thousand dollars on a project and then needed to spend only $10 to finish it, I think they would complete the job. The minister says that there is some responsibility on the provincial government,

but when the provincial government has built something like 900 miles and the federal government undertakes to build 200 miles, I do not think they should stop at mile 178. As I say, this section of the road can be gone over with a model T Ford which has a sufficiently high clearance. If this road were linked up it would provide transportation from Prince Rupert to Vancouver. If it were necessary to evacuate troops from Prince Rupert they would not be able to take them over these fourteen miles of road except in a model T truck.

Mr. GRAYDON: It looks as though they are playing both ends against the middle.

Mr. CRUICKSHANK: There is not any middle.

Mr. HANSON (Skeena): They are playing the middle against both ends. Boards of trade and other interested bodies have appealed to the government to complete this road. I also know that the officers commanding have recommended that the gap be closed up. The provincial and dominion governments should get together and complete this gap. It is absolutely impossible to convince any layman that it should not be completed. I should like to ask the minister the total amount spent on the road up to the present time and what would be necessary to complete it to Kitwanga.

Mr. CRERAR: The amount spent to March 31, 1944, was $8,619,000 in round figures; of this vote $1,500,000 is to complete construction, which will make the total cost of construction roughly $10,119,000. The amount of road to be completed is not fourteen miles as the hon. member for Skeena states, but twenty-three miles.

Mr. HANSON (Skeena): Ten miles of the road from Hazelton is passable road.

Mr. CRERAR: It would cost several hundred thousand dollars to complete the road. There are difficulties in connection with materials and labour.

Mr. O'NEILL: It must be almost a solid tunnel if it is going to cost that much.

Mr. HANSON (Skeena): The estimate of the provincial public works engineer is less than a hundred thousand dollars.

Mr. CRERAR: That is simply to repair the existing road. To build a road of the same standard would cost over half a million dollars.

Mr. REID: I do not think the minister gave the complete picture. The information we have is that when the United States military men looked over the north country there was some kind of agreement arrived at whereby they would build the Alaska highway through Canada, which would become the property of the government of Canada, and Canada would build a road into Prince Rupert. As anyone from British Columbia knows, Prince Rupert is largely a United States city because there are so many United States troops there. That was a definite understanding, and I am rather surprised to hear the minister say that the project is not being completed because of a lack of $100,000. An undertaking was given that a road would be built from Hazelton to Prince Rupert, and not carrying out that project meant not carrying out the bargain that was entered into when the road was started.

Mr. CRERAR: Who gave that undertaking that a road would be built from Hazelton to Prince Rupert?

Mr. HANSON (Skeena): It was to connect up with the provincial highway at Cedarvale. There was no highway from Terrace to Cedarvale and the section of road to Kitwanga was impassable.

Mr. REID: If the United States government had not carried out its agreement to build the Alaska highway—

An hon. MEMBER: Or Canol.

Mr. REID: —we would have claimed a breach of the agreement. I urge the minister to consider this matter and see to it that this road is completed.

Item stands.

Progress reported.

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

Monday, May 29, 1944

The house met at three o'clock.

PENSIONS

OLD AGE AND THE BLIND—CHANGES IN ADMINISTRATION

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, I wish to make a statement in regard to pensions for the aged and the blind.

As a result of negotiations with the provinces extending over several months, agreement has been reached on a number of changes in the administration of this scheme. I now wish to table two orders in council which have been passed implementing these changes. Before

the new proposals become operative, a supplementary agreement must be entered into with each of the provinces. However, it is expected that in view of the provincial agreement to the substance of these changes, there will be no delay in the execution of these agreements. The effective date of their coming into force will be April 1, 1944, or such later date in the case of any province as may be desired by that province.

The most important change increases the amount of allowable outside income which a pensioner may have. When the maximum amount of pension was increased in 1943 from $240 to $300 a year, the maximum total income which a pensioner could have from all sources was allowed to remain at $365 a year. The allowable income from sources other than old age pension was therefore reduced from $125 to $65 a year. With the consent of the provinces, we are now providing for an increase in the maximum income which a pensioner may receive from $365 to $425 a year. In other words, the pensioner will be allowed other income of $125 a year instead of $65 a year, without a reduction in the amount of his pension. The maximum income allowed blind pensioners will also be increased by the amount of $60 a year.

While the amendment will not increase the maximum pension of $300 a year, it will benefit pensioners with small incomes who could not previously qualify for the increase in pension granted in 1943. Those who are now receiving an old age pension at the maximum rate of $25 a month would not be entitled to receive an increase in the amount of their pension, unless by way of supplemental allowances which are now being paid in certain provinces.

Other amendments are intended to meet as far as may be practicable under the present law the difficulties arising out of the residence qualifications. Certain of the existing regulations were causing disappointment and difficulty for pension applicants who for various reasons had been outside of Canada for extended periods or had found it necessary to transfer their residence from one part of Canada to another. One proposed change will enable an applicant who failed to qualify with the sixteen years' residence requirement between the ages of fifty and seventy, in the case of an applicant for an old age pension, and between the ages of twenty and forty in the case of an applicant for a blind pension, to make up the deficiency by a further period of residence in Canada equal to the deficiency. Under the old regulations in some extreme cases he might have had to wait sixteen full years following his return to Canada before he qualified for a pension. Another proposed change will eliminate the necessity of an applicant who has recently moved to a new province returning to the province of previous residence for the sole purpose of applying for a pension.

Other cases of difficulty with regard to the residence requirement were found in instances of temporary absence from Canada as a result of service on ships or in fishing. The new regulation will permit such periods of temporary absence to count as residence in Canada provided the applicant maintained a self-contained domestic establishment in Canada during such periods.

Some weeks ago the house was advised that although there had been in the past certain legal doubt as to whether the clause relating to recoveries from estates of deceased pensioners was mandatory or permissive in its effect, the dominion in accordance with later legal advice had indicated to the provincial pension authorities that whether or not recovery should be made from estates where the net value does not exceed $2,000 would be left entirely to their discretion.

These changes represent the result of a very careful examination of the steps which the dominion would recommend to make the present legislation meet the immediate practical problems without radical revision of the whole scheme.

As the house will recall, the speech from the throne stated that the working out of a comprehensive national scheme of social security, in which federal and provincial activities will be integrated, will require further consultation and close cooperation with the provinces and indicated that the government would be prepared "when suitable agreements are reached with the provinces," to recommend a measure for a national scheme of contributory old age pensions on a more generous basis than that at present in operation.

The adoption of a national scheme of contributory old age pensions would involve a fundamental revision of our old age pension legislation. This must, of necessity, await the holding of the dominion-provincial conference.

In adopting a contributory system it will, in my opinion, be found advisable not only to increase the scale of pensions but to reduce the eligible age and to have the pensions paid as a matter of right rather than on the basis of a means test, which is an essential feature of the present scheme and the cause of most of its administrative difficulties.

Certain of the provinces would be agreeable to lowering the eligible age from seventy to sixty-five years immediately for the non-con-

tributory pensions being paid under the present scheme. It is, however, very doubtful whether it would be possible to obtain the agreement of all the provinces to such a reduction of the eligible age under the present scheme, as this would be a very far-reaching change involving a substantial increase in the financial and administrative burdens upon the provinces. If nevertheless, all or substantially all the provinces should make representations to the dominion government in favour of lowering the eligible age from seventy to sixty-five years under the present scheme, I can assure the house that the government will be prepared to give consideration to the acceptance of such representations as an interim measure in anticipation of and pending discussions with the provinces regarding a contributory scheme.

Mr. GORDON GRAYDON (Leader of the Opposition): May I ask whether the government has given consideration also to the position in which some older people appear to find themselves with respect to assigned pay and dependent's allowances? In some instances considerable hardship has been suffered by older people by reason of deductions in their old age pensions because dependent's allowances and assigned pay have been granted them through some member of their families being in the armed forces. Will the minister look into that? I have in mind one particular case of extreme hardship, and that is what prompted me to ask the question.

Mr. ILSLEY: If the hon. gentleman will let me have the case I shall look into it. The matter has been fully considered and explained on many occasions in the house.

Mr. GRAYDON: I shall be glad to do that.

Mr. ILSLEY: A change was made in the regulations some time ago.

[*Later:*]

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): A very important announcement was made by the Minister of Finance with respect to pensions at the opening of to-day's sitting. I believe that some forecast of this announcement was made in Saskatchewan over the week-end. Before the announcement was made in this house it was said in Saskatchewan that further consideration was being given to the matter. With what is going on in that province we might expect things like that to happen.

Mr. GRAYDON: Would the Minister of Finance make some comment on the question asked by the hon. member for Qu'Appelle with respect to the premature notice given to the people of Saskatchewan in regard to the changes in the old age pension regulations?

Mr. ILSLEY: I certainly gave none. I gave no notice of any kind ahead of the notice in this house. In fact part of what I announced was not decided on until noon to-day; therefore it could not have been communicated to the electors of Saskatchewan.

Mr. GRAYDON: The other part might have been.

Mr. PERLEY: Certain candidates have been peddling it for quite a few days.

Mr. ILSLEY: What did they say? What have they been peddling?

Mr. PERLEY: They have been visiting those who receive the old age pensions telling them what was likely to happen.

Mr. ILSLEY: What did they tell them?

GRAIN

STATEMENT RESPECTING GOVERNMENT MARKETING AND PRICE POLICY

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, on April 27 I reported to the house that the basis of wheat marketings for the 1944-45 crop year would have to be determined at a later date, when account could be taken of the development of the 1944-45 crop, the probable export and domestic demand, and the elevator space and transportation available for handling the 1944-45 grain crops. The government will be in a much better position in July to appraise these factors bearing on the need for delivery quotas and an over-all limitation on wheat deliveries from the 1944 crop. For the balance of the 1943-44 crop year, however, I wish to announce that the eighteen-bushel limitation per authorized acre will be removed forthwith.

In the spring of 1941 owing to lack of available storage and restricted export demand, the policy of limiting deliveries to estimated export and domestic demand for the ensuing crop year was instituted. This policy meant, in effect, that the dominion government would permit marketings of that quantity of wheat which could be disposed of within the crop year. In 1941-42 the limitation was set at 230,000,000 bushels for all of Canada; in 1942-43 the limitation was 280,000,000 bushels for the west, and for the present crop year 1943-44 deliveries in the west were first limited to fourteen bushels per authorized acre; later this figure was increased to eighteen bushels per authorized acre.

As members of the house know, during the past year the demand for Canadian wheat, both at home and abroad, has increased substantially. To date in the present crop year, commercial disappearance of Canadian wheat has amounted to about 350,000,000 bushels, as compared with 213,000,000 bushels for the same period last year. We conservatively estimate that commercial disappearance of Canadian wheat for the crop year 1943-44 will amount to 425,000,000 bushels, as compared with 270,000,000 bushels during 1942-43. From August 1, 1943, to May 19, 1944, producers in the prairie provinces marketed 230,000,000 bushels of wheat, or 120,000,000 bushels less than commercial demand for Canadian wheat during the crop year to date.

The Canadian wheat board carefully surveyed remaining farm stocks in the prairie provinces and estimate that producers will market about 265,000,000 bushels of wheat under the eighteen-bushel limitation, and about 305,000,000 bushels if the restriction on deliveries is removed for the balance of the crop year. In other words, with the restriction on deliveries removed for the balance of the crop year, marketings during the present crop year will still remain about 120,000,000 bushels less than commercial disappearance for the crop year.

Available storage space in country elevators has been increasing rapidly in recent months, and at the present time there is over 100,000,000 bushels of space available for the immediate delivery of grain in the three prairie provinces, and grain is being shipped out of country elevators at a rapid rate.

The government's decision removing the restriction on the marketing of wheat for the balance of the crop year is therefore based upon a careful appraisal of domestic and export demand and the storage situation which now exists in western Canada.

Mr. FAIR: May I ask the minister whether the announcement he has just made removes the need for using our quota books at this time?

Mr. MacKINNON (Edmonton West): The announcement is to the effect that the over-all restriction of eighteen bushels per authorized acre is removed.

Mr. FAIR: We will not use our quota books any more this season?

Mr. MacKINNON (Edmonton West): The circumstances under which the quota books will still be needed this year will be if there is congestion at certain specified country elevators. In that case they will be needed until space is available.

[*Later*:]

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): The Minister of Trade and Commerce made a very important announcement when he said that restrictions would be removed for the 1943 crop. I am sure that will facilitate the farmers getting rid of a lot of the 1942 crop. I know that a lot of them still have it.

About ten days ago the minister made a statement with respect to participation certificate payments. He said that ten thousand went out in one mail. Could he tell the house now how many of the 1940 payments have been made and to what provinces they have gone?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I am not just sure that I caught the hon. gentleman's questions correctly; there was considerable talking going on in this neighbourhood. I believe the question had to do with the participation payments that have gone out on the 1942 crop.

Mr. PERLEY: No; the 1940 crop. The minister made a statement the other day to the effect that some ten thousand cheques had gone out in one mail. I should like to know how many have gone out since and to what province.

Mr. MacKINNON (Edmonton West): I misunderstood or incorrectly heard the hon. member for Qu'Appelle. I thought he was asking about the 1942 crop. I was quite sure that he knew the payments on the 1942 crop would be a matter of the future. I did not make a statement that ten thousand cheques had gone out in one mail. I said that some ten thousand cheques were issued on the first day and a half. I can very easily inquire and find out actually how many cheques have been issued since. All I know at the moment is that the cheques are continuing to go out in volume. If the hon. member would like to know the exact number that have gone out I can quite easily get that for him.

Mr. PERLEY: I should like to have that.

STRAWBERRIES

PRICES IN BRITISH COLUMBIA—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. G. A. CRUICKSHANK (Fraser Valley): Mr. Speaker, I desire to ask leave of the house to move, seconded by the hon. member for Vancouver North (Mr. Sinclair) the adjournment of the house to discuss a definite matter of urgent public importance namely, that the price set for strawberries in British Columbia by administration order A-1224,

effective to-day, is so low that the farmers are unable to pick their berries and the crop is therefore going to waste.

Mr. SPEAKER: The hon. member has given me a statement of the reasons why he asks leave to move the adjournment of the house. I find that there is a degree of urgency. The hon. member for Fraser Valley moves, seconded by the hon. member for Vancouver North (Mr. Sinclair) for leave to adjourn the house on the grounds stated by him. Is it the pleasure of the house that the hon. member shall have leave to move the adjournment of the house?

And leave having been granted:

Mr. CRUICKSHANK: First of all I should like to point out that this does not concern just my riding; it concerns the whole province of British Columbia. It just happens that most of the berries and small fruits generally are in my riding.

I should like to point out to you, Mr. Speaker, and to the minister that the berry growers in my riding are not by any manner of means complaining of the action of the war-time prices and trade board in trying to control the cost of production and inflation; but we are emphatic in our opinion that deflation is far more important than inflation. While we approve the idea of controlling inflation, we certainly ask the minister to protect us as berry growers from the deflation which we think will result from the board's order.

For the benefit of hon. members who are not familiar with small fruit growing I might explain that in the first place the land has to be of high quality, that it has to be very intensely cultivated and well and properly fertilized to get anything like a decent crop. In the province of British Columbia we are faced with a higher original cost for our land, with higher taxes on that class of land than in any other part of the country, and with higher wages in connection with all branches of berry growing or other small fruit production. I presume hon. members are familiar with the figures set out in the order which goes into effect to-day.

Mr. HANSON (York-Sunbury): What are they?

Mr. CRUICKSHANK: I will answer that question in a moment. I am moving the adjournment of the house to-day because I think it is quite obvious to every hon. member of the house that in connection with a perishable fruit of any kind, if remedial action is to be taken that must be done at once.

With respect to the order, the dominion is divided into three zones for the purposes of the price ceiling. Ontario and Quebec are in zone 1, the maritimes are in zone 2, and British Columbia is in zone 3. Incidentally the figures for the maritimes are the same as those for British Columbia, so that I need only give the figures for Ontario and Quebec and British Columbia. Effective as of to-day the maximum price in zone 3 is 27 cents a quart, or 14½ cents a pint—and I would point out to the house that in my province we deal in pints rather than quarts. That is the maximum price to the producer. For the same period the price to the consumer is set at 39 cents a quart or 22 cents a pint. After June 17 the farmer in British Columbia will be allowed only 12 cents a pint. We cannot possibly produce berries in my province at that rate. I do not want to weary the house any more than is necessary, but this is a matter of vital importance not only to the farmers but to the whole economic structure of British Columbia.

Incidentally I should like to say a word about deflation. This government has been very proud of what it has done under the Veterans' Land Act, about which I shall have something to say later; they are proud of what is to be done for the veterans when they come home. We have taken over some 750 Japanese farms in the province of British Columbia, which are being held for our veterans. All these farms were devoted to the production of berries prior to the evacuation of the Japanese, and no soldier can carry on at deflated prices. No member from British Columbia has been consulted, nor to the best of my knowledge has any organization of producers in that province been consulted by the board in arriving at these figures. In fairness to the board I must say that I think they want to do the right thing, as I know the minister wants to do the right thing for the farmers of British Columbia and every other part of Canada, but I do not think a sufficiently thorough study of the problem was made before setting the figures at which we are expected to produce.

Mr. HANSON (York-Sunbury): What prices are you suggesting?

Mr. CRUICKSHANK: I shall come to that in a moment, and will carry New Brunswick with me, if my hon. friend will give me time. In 1943 the cost of production in British Columbia was 12·57 cents a pound, but effective as of to-day we are allowed only 14½ cents a pound and after June 17 will be allowed only 12 cents. In the eastern part of British Columbia berries will not come to production until after June 17. In the Fraser valley and the lower mainland they will commence to

come into production about June 10. The dominion and provincial governments are not even opening their pickers hostel at Haney, in the heart of the Fraser valley fruit district, until June 10; yet this order is put into effect as of May 29. In passing I want to say that the selling figures I am giving are not my estimates; I am quoting the figures given by the gentleman whom I understand is in charge of this matter, Mr. E. J. Chambers, the administrator of fresh fruits and vegetables for the wartime prices and trade board. The production figures were prepared by a large berry cooperative.

An hon. MEMBER: Mr. Chambers is from British Columbia.

Mr. CRUICKSHANK: Yes, and he is a very fine man, as are all men who come from British Columbia. In arriving at his figures he refers to the years 1938, 1939, 1940, and 1941. The approximate average for those four years, at the shipping point, was slightly over $1.60 per crate. I want the farmer members of this house, particularly, to think of that. This gentleman is basing the prices he is setting in the year 1944, with present cost of production, on the prices received by the Japanese farmers in the province of British Columbia. How can anyone expect a white farmer to operate under similar conditions? I do not say that the Japanese received enough; I know they did not, according to the figures given by the board. Again these are not my figures; they are quoted by the wartime prices and trade board. In 1941 the average price of berries per quart in the province of British Columbia was 8·9 cents. Can you imagine that?—8·9 cents for a quart of berries. In 1942 the price was 12 cents; in 1943 it was 33 cents, yet this year we are asked to produce for a maximum of 27 cents, though when we can get it we are paying hoeing labour 50 to 65 cents an hour. Last Saturday right in this city berries were selling at 59 cents a quart or 30 cents a pint.

Mr. HANSON (York-Sunbury): They are imported.

Mr. CRUICKSHANK: I do not care where they come from. I am getting a good deal of assistance from the hon. member for York-Sunbury, for which I am grateful. While berries are being imported and sold at this rate, we are not shipping. I wonder if any member of the wartime prices and trade board or any member of this house ever saw them picking strawberries for the first shipments. Why, in a field of strawberries the size of this room you would be extremely lucky to get two crates of berries. That is no exaggeration; in order to get our berries to that early market they have to be picked here, there and everywhere throughout the field, because only a few are ripe and in condition.

Another thing to be kept in mind is that unfortunately in British Columbia we are not heavily industrialized and do not have the large early market. We ship our berries largely to the prairie provinces, and in order to ship them over the mountains you must pick the berries at a certain stage and under certain weather conditions or they will not stand the trip. Apparently some people have the idea that we just turn the pickers loose with pails, but that is not the way they are picked in British Columbia. The berries must be sorted, graded and packed, and that all costs money. I presume it is the same in other parts of Canada, but I am speaking from my knowledge of British Columbia.

How they arrived at these prices, I do not know, but from their own statement they have used as a basis the average for the four years I mentioned. They also based it, as I understand it—and again there was no statement—on the assumption that they expected twenty per cent of our berries would be shipped by crate. I know, and every farmer member knows—probably there are some others who are not so familiar with the country—that we make our profits on crated berries, shipped to the higher priced market. This year, according to their own figures, the board states we will get an average of $3 a crate. They are working on the assumption, again according to their own statement, that we begin shipping on May 29—to-day. In eastern British Columbia they do not start until after the seventeenth, and in other parts until the twentieth. I do not blame the board for that, because no man alive can predict when we will ship, or how many we will ship, because the Lord Almighty attends to that. It is a perishable product, as we all know. But they base their price upon $2.88 as a maximum, and a rate of 12 cents a pint is allowed. There is a maximum amount of 14½ cents a pint. They base their average of $3, according to their statement, on the assumption that the farmer will ship on May 29. Well, we are not by any means starting to ship at that time. They also base their average of $3 on the assumption that we are going to ship twenty per cent by crate. The actual facts are that last year the largest strawberry shippers in British Columbia shipped out of one of their freight centres exactly ten per cent in crates and ninety per cent in jam. Yet these

geniuses down here in Ottawa can tell us that we are going to ship twenty per cent by crate, starting to-day, when the berries are not even ripe. That is the position they take, when actually last year we shipped only ten per cent. As hon. members know, when the berries are made into jam you get a very low price.

Last year the average cost of pickers in British Columbia was four cents a pint. That is the way we pay our pickers out there. We pay a basic rate of four cents, and a bonus for staying the whole season. I assume that that is done in other areas of Canada as well. Last year the average cost of production in British Columbia was 12·57 cents per pound. These figures are taken from the records of over 800 berry producers, and they have been averaged over that number. Therefore the figure I have given is last year's average cost. And mark this: I presume everyone knows that the average life of the strawberry plant is five years. In the first year they are planted there is no return to the farmer at all. Then, if you take in the cost of planting, cultivating, fertilizing, thinning, and all the other costs for the first year; hold off any allowance for rental of land, taxes, and add to that the cost of cultivating in the second year, it will be found that the average cost is 9·20 cents per pint. The maximum we are allowed at the rate set to-day is 12 cents.

I could give all sorts of statistics with respect to jam. However, I am prepared to prove my point before the board or anywhere else. I would like to point out that I, as a member for Fraser Valley, along with other members from British Columbia have been pressing this point since early in February. We have been insisting, in the first instance, that if a ceiling was to be placed on the berries we would oppose the ceiling, and I surely think it would be clear why we cannot have a ceiling on perishable goods such as strawberries which must be shipped across the mountains. If we had thought we were getting nowhere in preventing a ceiling being placed on berries, and that we would have had to wait until May 23 to have a ceiling announced, I wish to assure the minister he would not have had a solitary berry planted in the Fraser valley this year. Those berries would not have been planted if we had known that we had to sell them at 12 cents a pint or in other words, pay the consumer for consuming them.

I know it may be said that the board sets all these orders. I can understand perfectly well that if any branch of the government, or any person connected with it, makes a mistake, the minister must assume responsibility for that mistake. In the long run the Prime Minister has to assume the responsibility for the mistakes of his ministers, and, to carry it even further, parliament has to look after the mistakes made by the Prime Minister and his government. I can see no earthly reason why any argument should be advanced against the minister's overruling the wartime prices and trade board. They are doing a very difficult job and, I believe in most cases, the board are doing very well. I give them credit for it. But I do say that when an injustice is being done it is the minister's duty to overrule.

I could give a typical example, in connection with banking. This matter came up before a committee which sits in another room in this building. They were—

Mr. SPEAKER: Order; the hon. member should not make reference to that committee.

Mr. CRUICKSHANK: I withdraw that remark, Mr. Speaker. Then, I would ask the minister—and I believe I have ample support—to give further consideration to this matter. In conclusion I would point out that it is proper to criticize the minister or his department, if one has any suggestion to offer. We who represent the berry growers of the lower mainland—and I believe there are three members who are in that position—met the minister last Friday and made a suggestion to him. We thought we had made a reasonable suggestion, namely, that the dates of the various rates be retarded, a procedure which would have avoided upsetting the whole price structure that has been developed. In other words the rates would be held in abeyance. I am speaking from memory, but I think we suggested that the order be held in abeyance until June 15. It will go into effect to-day, but should be held in abeyance until that date at least. From June 15 to June 27 the rate would be 14½ cents, I believe it was, and from there on it would be 12½ cents. In other words we offered a compromise. We do not wish to make fortunes out of the berry crop, but on the other hand we do not want our farmers to be forced out of existence.

Mr. JAMES SINCLAIR (Vancouver North): Mr. Speaker, on this occasion I speak more as a British Columbia member than as a member representing berry farmers. I have one small district in my constituency in which strawberries are grown. However this is a matter which affects a very large number of the berry farmers in British Columbia. I share an office with the hon. member for Fraser Valley (Mr. Cruickshank) and since

last February I have been hearing about berries. Hon. members in the house have heard the hon. member for Fraser Valley repeatedly ask whether a ceiling price would be set on berries.

My first criticism as a British Columbia member is that if a ceiling was to be placed on the price of berries, there is no reason why it should not have been done two months ago. In this instance there is a no D-day, and no element of surprise is necessary. The farmers were entitled to know two months ago what their prices would be. They should have known two months before the ceiling was put on. As my hon. friend has said, they would not have planted strawberries if they had known they were going to be given 12 cents a pint, in view of the fact that last year their basic cost was 12·52 cents. It would appear that when the ceiling price was set, it was not set on last year's price, but rather on prices from 1938 to 1942. It must be remembered that in that period of time the great bulk of berry farmers in British Columbia were Japanese. Japanese produced berries at prices at which no white man could ever attempt to produce them. They worked from dawn to dusk for ten and eleven cents an hour as their basic rate of pay. To-day the berry farmers of British Columbia—when they can get labour—must pay 65 cents an hour.

I do not think the people of British Columbia are objecting to price control, but they are objecting to our farmers being legislated into bankruptcy by the action of the wartime prices and trade board. There was no consultation with any of the berry-growing group in British Columbia. Certainly no British Columbia member was tipped off or asked in advance what he thought of these prices. These men of the prices board sit in their ivory tower down here, suddenly set a price and say, "You can like it or lump it." Well, we are not going to like it or lump it. The only way we can object to the action taken by this board is to move the adjournment of the house to discuss a matter of immediate national importance. This matter is of immediate national importance. We members sitting in this house are able thus to bring before the house particulars of an act committed by this board which is legislating into bankruptcy the strawberry growers of British Columbia.

Mr. THOMAS REID (New Westminster): Mr. Speaker, coming as I do from a district where there are a considerable number of strawberry growers I rise to join in the protests that have been made against the action taken by the wartime prices and trade board. I concur in what has been said by the two hon. members who have spoken. While to many hon. members this matter may not seem to be one of national importance, I will point out that it affects the lives of many farmers. It would not have been brought before the house this afternoon had the representations made to the minister been given heed to, but there is no other way to bring this grievance before the house than to stop its proceedings and point out forcibly to the government and the country what has been described by hon. members as an iniquity.

I do not intend to go into the matter too deeply at the moment, but I think it is well known that the attitude of the wartime prices and trade board has not been one of helping the farmer or keeping him in business. Donald Gordon, the chairman, has stated emphatically right from the time he first took office that he did not care what it cost the producer, that all that he and his officials were interested in was the price set. In this instance information about the price has been deliberately withheld from the public until almost the eve of the crop coming on the market. The prices board now comes along and notifies the people of British Columbia and elsewhere what the prices will be.

Let me give one or two reasons why we are protesting. The other hon. members who have spoken have pointed out why strawberries have continued to be grown in British Columbia. Previously the strawberry patches were mostly in the hands of the Japanese, and that meant that the father, the wife and all the family down to the smallest tots were working long hours. They were thus able to keep up their strawberry production at prices which would have permitted very few men or women to exist at all. Many of these farms were taken over after the evacuation of the Japanese. Although prices were low, they kept going up a little as the war progressed, and until this year no price ceiling on strawberries was put in effect by the prices board. The prices obtained for strawberries last year were almost twice what will be received this year. Even with the prices being asked last year, I did not hear one complaint. Why? Early strawberries are generally looked upon as luxuries and the people bought them without any great complaint.

To my mind it would be far better if people were able to eat more fresh strawberries than to have them put up into jam with the use of pectin. I have my own views as to the kind of jam that is going on the market to-day. However, I do not intend to discuss the jam situation at this time; I shall deal only with strawberries. If this order is carried into effect it will mean that many strawberry growers will say that they cannot carry on, and

they will not do any transplanting this year. They will decide to go out of business, because they cannot continue at that price and make ends meet. Last year they were getting twice what they are going to get this year, and naturally they were encouraged to go on. I do not know of any strawberry grower who made a fortune. There is no crop that I know of that requires more labour, not only in the spring and summer but throughout twelve months of the year. I can speak from experience because I have hoed strawberry plants many times and I know something of the difficulties faced by these growers. We are appealing now to the minister to take some action and have this price changed in order that our farmers may have a chance. The suggestion made to the minister the other day was a very reasonable one. It may have been his nice smile, but I was carried away by the reception we got and I thought we were going to have good results. However, it shows that you cannot always tell when you go for an interview just what you are going to get. Apparently it was just a sliding out that we got. However, we realize he is placed in a difficult position. He is not a farmer; he does not know and he must depend upon what his officials tell him. When members representing these different districts come to him and lay the facts before him, their views should be listened to. I join my voice in protest against this order and ask that it be changed even at this late date.

Mr. R. W. MAYHEW (Victoria, B.C.): Mr. Speaker, what we are witnessing to-day is due entirely to the fact that those who are setting our prices do not take into consideration the views of hon. members representing the different districts. This matter is not the sole responsibility of the hon. member for Fraser Valley (Mr. Cruickshank) and I think the farmers of British Columbia will be indebted to him for bringing the matter up at this time. I am wholly in accord with what he and the other hon. members have said. The price being allowed for strawberries will not pay the cost of production.

While there are no strawberries grown in my district, they are grown, and have been grown successfully for a number of years, in Nanaimo, which adjoins my riding. It is on behalf of the strawberry growers of that district that I am speaking. I am sure that while the consumers would like to get berries as cheaply as possible, they would not want to get them below the actual cost of production. If the members from British Columbia who represent strawberry growing districts had been called in before this order was issued, I am sure it would not have been put out in its present form. I hope this will be remembered in the future by the people who make out these orders. I was speaking to one man early in February and I told him that if a ceiling price was to be put on berries it should be announced in good time so that the people could make the necessary preparation. He said that that would be done, and yet we find this order announced just when the berries are about to be picked. At the present time there are a few berries being picked near Gordon Head and in Keating district, but they will soon be in full production all over. The price of 27 cents a quart which has been set is away below the cost of production.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, it seems to me that there are one or two matters which might properly come within the purview of this discussion. Many of us in this house have urged year in and year out that agriculture should be properly represented on the boards and commissions which this government has set up. I think most hon. members who represent farming and agricultural districts will be in agreement with that statement.

Mr. ILSLEY: There certainly was in this case.

Mr. GRAYDON: I was just going to ask the question which the minister now purports to answer. What representation was there of the producers of this commodity on the board which set the prices in this order?

Mr. ILSLEY: E. J. Chambers is administrator of fruits.

Mr. GRAYDON: The minister talks about E. J. Chambers being the representative of agriculture in the setting of these prices. May I ask him whether Mr. Chambers is a producer of strawberries?

Mr. ILSLEY: I do not think so.

Mr. GRAYDON: I am quite sure that he is not, and when the minister suggests that civil servants are to be the representatives of the farmers in deciding costs of production and as to the general situation in connection with agriculture, I take issue with him.

I am not going into the merits of this particular case at the moment, except to say that I have listened with much interest and not a little sympathy to those who have spoken on the question brought up by the member for Fraser Valley (Mr. Cruickshank). But I do want the minister to consider this one point,

which I emphasize even at the risk of repeating myself, that some of the difficulty which he is now experiencing could be rectified if the voice of agriculture were heard when these matters were being decided, and by the voice of agriculture I mean the voice of practical agriculturists, the producers themselves.

I have listened with interest to what has been said on the costs of production. I know that no member of this house has any desire to attack the general principle of the price ceiling or the anti-inflationary programme of the government, and I am quite sure that the government will not construe what has been said here to-day as an attack on those general principles. Nevertheless, under the price ceiling, or the price roof, if you like, many instances of injustice occur from time to time which the government rectifies. The government has accepted the principle of the rectification of injustices done under the price ceiling; and therefore I would ask no more than this, that the minister reconsider this whole question with his board, with a practical producer sitting in to consider the suggestions that have been made here to-day, and if they are found to be sound, then I think it is the duty of the government and of the board to eradicate such injustices as may be found.

I close by repeating what I have said many times before, that even at this late date I think the producers should have a proper representation on all the various governmental boards.

Mr. ROBERT FAIR (Battle River): Mr. Speaker, I am perhaps trespassing a little on the ground of the British Columbia members. I do not think they will object on this occasion, because while I am not engaged directly in growing berries I do like to eat strawberries, and as the hon. member for Victoria (Mr. Mayhew) said, I do not want to buy them at a price below that at which the growers can afford to produce them. I am speaking as an agriculturist in another branch of that industry, and judging by experiences in my own particular line of agriculture I feel that the hon. member for Fraser Valley (Mr. Cruickshank) and his colleagues have just reason for complaint. Personally I have no complaint against the principle of price fixing, but I am not satisfied with the administration of the principle because in some cases no account whatsoever is taken of the costs of production of agricultural products.

I have here prices that were given me by one of the merchants in Lloydminster, a town on the border between Alberta and Saskatchewan. I was told only last winter before coming here in January that in 1941 strawberries were laid down f.o.b. Lloydminster at $2.60 a crate, while in 1943 strawberries ran anywhere from $8 to $14 a crate. If the wartime prices and trade board would concentrate first of all on the costs to the producer they would be doing a good service by basing their prices on the actual average costs of production. They should also consider the price to the consumer, because I believe that injustices are being done both in the prices set to the producer and in the prices which the consumer has to pay. I want to support the member for Fraser Valley and his colleagues in the request they have made to-day.

Mr. T. J. O'NEILL (Kamloops): Mr. Speaker, I want to congratulate the hon. member for Fraser Valley (Mr. Cruickshank) on bringing this question up and on the able manner in which he has presented it to the house. It is not my intention to detain the house very long, because I can only repeat what has already been said. I am completely in agreement with the hon. member for Vancouver North (Mr. Sinclair) when he says that the price of berries has been regulated this year on the cost of producing berries in the years when they were produced practically by slave labour in the Fraser valley. That is something to which consideration should be given. I think, too, with the hon. member for Victoria (Mr. Mayhew) that the prices have been set without any consultation either with the producers or with their representatives in the districts where the berries are produced. If such consultation had taken place I feel quite sure that prices would not have been set at their present levels. I am given to understand that there is a difference of three cents in the price of imported berries in Ontario and imported berries in British Columbia. But that is only hearsay; I do not know the facts. I think that the minister should give consideration to abolishing the whole order of the wartime prices and trade board with respect to these prices and start all over again.

Mr. G. E. L. MacKINNON (Kootenay East): Mr. Speaker, it is not often that I rise to say anything in this house, but I would like to endorse what has already been said regarding the plight of the fruit growers in British Columbia. It is thirty-five years since I first went into the district of Kootenay, and in that time I have watched the Creston fruit area develop from a small handful of people to a population of five or six thousand. In those years I have listened to many harrowing tales of people who sold fruit as fine as any that ever grew out of doors and got nothing for it in return, and then had to dig down to pay for their boxes and crates. In the last few years conditions have

possibly been a little better. But the war has changed conditions again. Labour shortages and increased costs have put the producers in a position at least approaching the plight in which they were a few years ago.

With regard to the date line of June 17 I wish to make this point. You can get on the train at Vancouver in what might be classed as summer weather and in twenty-four hours you are in the interior in the fag end of winter; therefore I do not believe it is possible to set a date line that can be fairly applied to all districts in British Columbia. If June 17 is fair for the coast, it is certainly not fair for the interior. On Friday I had a telegram from the Creston district stating that no berries would be ready for shipment on June 17.

In regard to the price, it was objected that $2.88 for a 24-pint crate is too small. They stated that it was questionable whether at that rate this crop would be picked, and certainly there would not be a crop next year.

I suggest that conditions of season and climate in British Columbia be taken into consideration. If June 17 is a fair date for the lower mainland and Vancouver island it is perfectly all right with me, but a later date should be set for the up-country fruit growers. Whatever date is agreed on for the lower mainland, I suggest that a date at least two weeks later be set for the interior.

Hon. R. B. HANSON (York-Sunbury): No representations have been made to me by the strawberry growers of the Saint John valley, but I know that a very substantial amount of small fruit is grown in the counties of York, Sunbury and Queen's. Our climatic conditions are somewhat different from those in British Columbia. It will be learned with surprise by some members that our season is two or perhaps three weeks later than Ontario, and that our crop comes on at what might be termed the tail end of the season, at a time when the Ontario berries are nearly over and when the appetite of the public for strawberries is more or less satiated. So that our growers have always been under a very definite handicap. Their principal export market is in Montreal, where our early fruit has to meet the competition of the local product.

My suggestion is that, so far as that zone is concerned, there is no need at all of any price ceiling, and I should be glad of an opportunity to meet with Mr. Chambers, whom I do not know personally, and discuss the matter with him. I think the member for Fraser Valley (Mr. Cruickshank) made a substantial point when he suggested that, before these prices are fixed by an arbitrary board under powers delegated to them by the cabinet under the War Measures Act, somebody should come and see the local member and ascertain what his reaction is. He wishes to act fairly with both the producer and the consumer because his constituents are in both categories. I suggest that before an arbitrary rate is fixed something of this kind be done. I do not know anything about the situation in British Columbia, whether the price is fair or not, but courtesy itself seems to me to dictate that the local members in the areas affected might at least be asked their opinion. I am satisfied that with that judicial capacity which the member for Fraser Valley has so often exhibited in this house, he would do justice both to the producers and to the consumers in his constituency, and that is the attitude that I would desire to take myself.

Without having been instructed, but having a substantial knowledge of the conditions obtaining in New Brunswick, which I have endeavoured to outline, I am of the opinion that no price ceiling order is necessary at all for the maritime provinces. I am going to suggest to the minister that if he will be good enough to ask the officials in charge to have a chat with me, we could talk the matter over and I could get their point of view while I would endeavour if possible to give them my viewpoint.

They have definitely in New Brunswick promoted the production and sale of small fruits. We have an overnight market to the city of Montreal. With gasoline restrictions such as they are, the truck distribution is not as good as it used to be. A great deal of this fruit was handled by trucks in days gone by. That is not so important, of course, for export, but it is very important for distribution in other parts of the provinces. There are counties in New Brunswick that do not grow strawberries at all, just as there are counties in that province that do not grow apples. Most of the apple crop in New Brunswick is grown in the three counties to which I have referred, York, Sunbury and Queens, and their best market is the market of the adjacent counties where they do not grow apples. The same is true of strawberries.

I have an open mind on the subject of prices if there is to be fixing of prices, but my immediate reaction is that there is no necessity at all for a price ceiling on strawberries in New Brunswick. I should like to see it abolished and I should be glad if the minister would see that the gentleman in charge of this problem—and of course I suppose it is a problem, more acute in British Columbia than elsewhere—would speak to me about it. We might arrive at certain conclusions, or at least agree to disagree.

Mr. W. K. ESLING (Kootenay West): Hon. members from the coast have been energetic in presenting to the government the inequalities of these marketing orders in regard to berries, and certainly the member for Kootenay East (Mr. MacKinnon) has made a perfect presentation of the local conditions. The wartime prices and trade board have simply brought in a blanket order covering the four western provinces with absolutely no consideration and no proper knowledge of local conditions.

The conditions at the coast are very different from those in Ontario. The conditions in Kootenay East are considerably different from those in Kootenay West. We do not have the competition of Japanese labour as it previously existed, but we have had such competition and such disregard for labour and wages from the Doukhobors as to have discouraged considerably the growing of strawberries in the interior. Many times, as the member for Kootenay East says, the growers do not get back the return for crates alone, and it is discouraging not only for local marketing but for shipping.

I am sure that after the presentations that have been made by British Columbia members the government will see that some consideration is given to the interior growers so that they may get at least a return which will pay them for their labour and for the material involved in crating.

Mr. DANIEL McIVOR (Fort William): I have a relative who went into the berry business at Chilliwack three years ago and he was glad to get clear of it at a considerable loss for the reason that the cost of labour was high, the price of the berries was low, and there was unequal competition with the Japanese. We were told yesterday some place that if one part of the body suffers, the whole body suffers with it; and if one province suffers the whole of Canada suffers with it.

Mr. B. M. HILL (Charlotte): I do not believe that a price ceiling is necessary in New Brunswick. It is my impression that the market will take care of the price of strawberries. I do not agree with the hon. member for York-Sunbury (Mr. Hanson). I believe the minister knows all about the marketing of strawberries in the maritime provinces.

Mr. HANSON (York-Sunbury): I do not think he knows anything about it.

Mr. HILL: If the minister will cast his mind back he will remember that when the first strawberries came on the market they were carefully picked. They consisted of a few berries that ripened ahead of the others, and it was quite an expensive operation to pick the berries. They were marketed at a fairly high price, as a luxury. The next week, the berries having become more prolific, the price automatically dropped sometimes eight and ten cents a box. A fortnight later, when the great mass of the berries ripened, the crop automatically took care of the price and the price dropped seven and eight cents a box. That invariably takes place each year in New Brunswick.

This price ceiling does not take care of the marketing of the early berries, the few scattered berries that ripen at the start. If the farmer were to receive twenty-two cents a box right through for his average crop he would certainly be getting a high price; but what will happen is this. The first berries that were marketed at around thirty-five cents a box will have to be sold at twenty-two cents, and then the next week, when previously they dropped to twenty-five cents a box, they will still have to be sold at twenty-two cents. When the large crop comes on the price will automatically drop eight cents and the farmer will get an average of only twelve to fifteen cents a box.

Hon. GROTE STIRLING (Yale): It has not been very often in nearly twenty years when a fruit discussion has taken place in this house that I have not played my part in it. On this occasion I have but little to say, because in the Okanagan valley, which I represent in this house, the fruits grown are more largely the tree fruits than the small fruits; consequently we are not shippers on a commercial scale of large quantities of berries.

The difficulty with which we are faced to-day is that great one of ascertaining what the price should be. It has been the difficulty over the years. It is accentuated at this time when there is more necessity than ever to take care of the consumer. What has been wanted, what has been desired by the producer who is producing over a series of years, is that the right price should be received; that the consumer should not suffer but that the producer should get an adequate return for his work.

As I have not had representations from those whom I represent here with regard to prices, labour, and so on, I am not going to take any more part in the debate except to say that in listening to the hon. member for Fraser Valley (Mr. Cruickshank) last week and to-day I must say that I am impressed with the suggestion that in so far as this year is concerned it does not look as if the dates chosen were the right dates for the purpose. I would suggest that consideration be given to the possibility of setting those dates in

accordance with the price later on, and allow things to come nearer to picking time before the final decision is made.

Mr. P. C. BLACK (Cumberland): I come from a part of Canada that is in a special position, perhaps a favoured position, with respect to the growing of strawberries, inasmuch as we at the head of the bay of Fundy, with the advantage of fog and perhaps the disadvantage of a slightly later spring, have a crop of strawberries that comes on the market the last of any producing area in Canada, after the Saint John valley and the Annapolis valley, represented by the Minister of Finance (Mr. Ilsley), crop has been almost completely marketed. Our position at the head of the bay of Fundy is somewhat analogous to that pointed out to the house by the hon. member for Kootenay East (Mr. MacKinnon) when he stated that the strawberries marketed in his constituency are two weeks or more later than the strawberries marketed from the coast and Fraser valley.

I am in general agreement with the representations made by the hon. member for Fraser Valley and the other hon. members from British Columbia. I am in complete agreement with the representations made by the hon. member for York-Sunbury (Mr. Hanson), namely, that no ceiling price should be placed on strawberries. I believe this is a case where the price of the commodity should be controlled by supply and demand.

May I point out the ridiculousness of this fixed ceiling price as applied to the area at the head of the bay of Fundy. They fix a ceiling price of twenty-seven cents a quart up to June 24. Well, you do not even raise a box of strawberries down there in the greenhouse at that date. Then, after June 24 the price is twenty-two cents. In our area we rarely market a box of strawberries until after July 1. Yet they fix a maximum price of twenty-two cents as of June 24, the lower price. I would presume that the board which is responsible for setting these prices would at least consult—they do not consult the members—some dealer or producer of berries in those localities before they set a price and a time which on the face of it is ridiculous.

I am in general agreement with the representations made by the hon. members from British Columbia. I am in complete agreement with the request made by the hon. member for York-Sunbury. There should be no ceiling price on a commodity such as strawberries at a time such as this when they are being produced at high costs, and when you consider the difficulties of securing fertilizer and help to raise them. When everything is taken into consideration very little, if any, profit even under the most favourable conditions is derived. The farmers will certainly be discouraged by the ceiling prices that are set for this year.

Mr. G. G. McGEER (Vancouver-Burrard): Before the Minister of Finance (Mr. Ilsley) replies, there are one or two observations I should like to make on this particular order. I understand that there were no ceilings on strawberries last year. Strawberries are hardly a commodity that enter at this time of the year into the category of necessities of life, yet they probably do add something to the joy of life. Certainly I have had a great deal of difficulty in finding out in the last year's proceedings where the wartime prices and trade board have ever added anything to the joy of Canadian life since they were brought into being; and this is a splendid instance of that board, apart from the purpose of its necessary and essential duty, becoming a board of interference, a board that has destroyed its real value by its indifference to moving into the realm of nuisance value. It is high time that some supervising authority stepped in to prevent that board from destroying its own usefulness by its own folly and its own nonsense.

Everybody will agree that in war time prices should be controlled. Everybody will agree that production should be regulated and that the distribution of things essential to a war time economy should be done with equity and fairness. I go farther than a great many of my hon. friends on this side of the house in believing firmly that in the economy of a power age the control and regulation of reasonable prices, of reasonable services, of reasonable production and distribution, is an essential part of our whole system of planned and organized life which we cannot escape. Here you find a typical example of the sort of thing that emanates only from unbridled bureaucracy. This is one of the dangers with which our whole peace-time programme is confronted, and one of the things that has hindered rather than helped our war effort.

Now let me just give a few examples of the sort of thing involved in this order. The zones are described; No. 1 takes in Ontario and Quebec, that section of the Dominion of Canada which has been favoured so long by this canoe-minded atmosphere in Ottawa.

Mr. McCANN: Who says so?

Mr. McGEER: I have never known any of you to suffer; and in any deal between central Canada and either the west or the east I notice that central Canada always comes out on top. Let us look at this particular example, even in connection with a small thing like

strawberries. In zone No. 1, Ontario and Quebec, the strawberry grower receives 30 cents. In zone No. 2, the maritime provinces, the price drops to 27 cents, and in zone No. 3, British Columbia, the price is also down to 27 cents. Tell me why a strawberry grower in Ontario, with the huge market in this area, should get more at this season of the year than a grower in the maritime provinces or in British Columbia. The growers in central Canada have cheaper land; they have a better market, and they have cheaper labour. That is one situation. But let us see what happens when the table is turned, when they are packing their surplus in this area to compete with those who pack berries in the maritimes and British Columbia. Strangely enough the central packer again gets the benefit. After June 24 the price in Ontario and Quebec drops to 19 cents, while in the maritimes and British Columbia it is held at 22 cents. Let me ask this question. When conditions are in favour of the grower; when prices are high, with the new production coming on the market, why does the eastern producer benefit to the extent of three cents a quart; then, when it comes to producing for packing house competition with British Columbia and the maritime provinces, why should we find the central packer paying a price of 19 cents as against 22 cents which must be paid by the packer in British Columbia and the maritimes?

I know the Minister of Finance resents any criticism of the wartime prices and trade board, and I know that this board does not welcome suggestions from members of parliament. Under our modern bureaucracy we have been relegated to the background to the extent that it is an insult to our wartime prices and trade board, and to our bureaucrats, to dare offer a suggestion as the representatives of the people. I do not want anyone to accuse me of speaking for votes on this matter, because I do not happen to have any strawberry growers in my riding, and I suppose running true to human nature most of my constituents would like to get strawberries even in the early season just as cheaply as possible. Apart from that, however, from long experience in British Columbia I know that all the people of that province will resent the idea of an unfair discrimination against the growers of British Columbia and the maritimes, and an unfair preference to the growers of central Canada. When a government undertakes to move into the discreet level above which profits may be made, or to dictate the discreet line along which any business must operate, that government will find that in doing so it is doing more harm than good. If ceilings are to be fixed and floors established, they can be levelled out; it can be arranged upon a basis under which a reasonable amount of competition can exist between the floor and the ceiling. What we want to prevent in war time as in peace time is the unreasonable exploitation of the consumer in the consumers' market. We never want to undertake to restrict competition or to destroy the incentive of a reasonable and fair reward.

This, Mr. Speaker, is a splendid example of the need for reform in the wartime prices and trade board. It is typical of the harsh and arbitrary measures that are too often adopted by this board without the necessary experience to qualify them to dictate the policy and programme of the many businesses and of the farmers and producers upon whom they have fastened like a straitjacket an army of regulations and controls that now need revision, and many of which should be done away with. I congratulate the hon. member for Fraser Valley on bringing this matter to the attention of parliament, and I hope the minister responsible for this order will see that the kind of inequality, the kind of discrimination, the kind of preference and the kind of sectional differences that appear here are eliminated.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, I should like to support the hon. member for Fraser Valley (Mr. Cruickshank). Only recently I was contending, on behalf of the beef producers in my constituency, that they were suffering from similar foolhardiness in the management of prices. I think the hon. member for Vancouver-Burrard (Mr. McGeer) was fully justified in saying what he did, and I support his remarks. In the first place let me say that I favour the principle of a ceiling and a floor.

Mr. ILSLEY: So does everybody, but no one is ever satisfied with any price that is set. It is the other fellow's price.

Mr. BLACKMORE: I can understand why the minister makes that statement, and I must say that I have great sympathy for him in the difficult position in which he finds himself. But may I say that just as long as the minister and his government persist in trying to manage the affairs of this country under an outworn, outmoded and ineffective financial system, he will continue to find himself in this situation. That may sound strange, but right things have sounded strange before this. The floor and ceiling must be fair to both producer and consumer. I am sure the minister will agree with that.

Mr. ILSLEY: That is the last mention there will be of the consumer.

Mr. BLACKMORE: I believe the principles involved in this discussion are sound. I refer first to the principle of home production. It is my belief that to the greatest possible degree the Dominion of Canada should produce its own needs and should consume its own production. That applies to strawberries as well as to other commodities. The berry growers deserve, and in the interests of Canadian consumers must receive, prices covering costs of production and plus a fair remuneration. At the same time consumers must be protected; otherwise they will cease to use Canadian berries and will seek substitutes of one kind or another, again to the disadvantage of Canadian producers.

I should like to know upon what basis the wartime prices and trade board were working when they fixed the price of strawberries. I do not happen to be familiar with production of strawberries, and therefore I am not in a position to speak with any degree of authority in the matter. But it would be interesting to find out just how they computed the price. How did they determine what it ought to be? I am inclined to say, with respect to the wartime prices and trade board, that they have endeavoured to be fair to consumers. I believe their difficulty has arisen out of that desire, and I do not find too much fault with them, because I believe I understand their difficulty. Now they have endeavoured to fix a price which the consumer can, will and ought to pay. I believe that is right, and I believe the board are entitled to have a member say that. But at the same time the price upon which they have fixed is, it appears, one unquestionably lower than the grower can accept, or at which he can grow berries. What is going to be done about it? No one has thus far in the debate offered any suggestion as to what should be done. May I offer one? The solution of the difficulty will be found in a well-placed subsidy. There will be those who will say immediately that the principle of subsidies, being too expensive, is unsound. There will be no serious objection to the subsidy once it is realized that it can be paid out of the national credit, in so far as the goods and services producing and consuming capacity of Canada will justify the use of that credit. Just as soon as that principle is recognized it will be possible to pay a price which is fair to the producer and at the same time fair to the consumer. If a subsidy is necessary to bridge the gap between the two, then let a subsidy be paid.

Already we are using the principle of paying subsidies, in respect of many commodities. It will do no harm to extend it. I believe it was last year, when the Minister of Finance was discussing the amount of money to be spent for the board which has to do with the adjustment of prices, that I pointed out I had only one fault to find with the appropriatoin, and that was that it was too small. I advocated something like $500,000,000 whereas the minister was asking for about $200,000,000—and I am speaking entirely from memory. Many hon. members thought I was extravagant, but I was not extravagant. If the economy of this country is to be established on a basis equitable and advantageous to all the people, both producers and consumers, a far more extensive use of subsidies must be made, so as to bring down prices to the consumers and bring them up for the producers.

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, the discussion this afternoon must have brought home to all members of the house, and to all members of the public who are taking an interest in the matter, the difficulty of price control. The hon. member for Fraser Valley (Mr. Cruickshank) made a rather moderate request. He with some other British Columbia members made the request last Friday afternoon. I took it up with the wartime prices and trade board, where it was fully discussed, and eventually determined to be impracticable—or, if not impracticable, undesirable.

But before I come to that, let us consider this matter in its other aspects. A year ago, in the spring and summer of 1943, fruits and vegetables went to very high prices in this country, and we had from all parts of the country complaints that our much vaunted price ceiling, as it was called, was no price ceiling at all. It was said that while we held down the price of bread, the price of butter, the price of meat, and the price of some other necessities of life, we were not bringing about a realistic cost of living for Canada at all, because we were allowing fruits and vegetables, and a great variety of foods which most Canadians are able to buy to go uncontrolled. And so we felt we had to bring a great range of commodities under control this year which were not under control last year. In that list was fruit. That is the reason for a price ceiling on strawberries, along with a great many other fruits which were not controlled last year. We have not heard much from the consumer in this house at all. We do not hear that until we do something against the interests of consumers. For instance, let me take as an example the hon. member for Battle River (Mr. Fair). He stands up in his place this afternoon and expresses sympathy with the hon. member for Fraser Valley when that hon.

member asks the government to let the price of strawberries go up. But last year, owing to the fact that we had let the price of a good many foods go up, during the first two months of the operation of the price ceiling it was found necessary to allow the price of meals in restaurants to be increased somewhat, and to permit an increased charge for tea and coffee. And the first member in this house to get up and launch an attack upon the government for its failure to control prices of foods, was the hon. member for Battle River. Members cannot have it both ways.

The hon. member for Vancouver-Burrard (Mr. McGeer) also spoke this afternoon about prices. He talks half the time for the farmer and half the time for the packer. First he says how unfair it is to the farmers of eastern Canada and western Canada to allow a higher price ceiling for farmers in Ontario and Quebec during the early part of the season. "Why," he says, "they are held to 27 cents in the maritime provinces and also to 27 cents in British Columbia during the early part of the season. But look at Ontario and Quebec, the part of Canada which always gets the best of everything, and gets the best of the other provinces. They are not held down to 27 cents; they are allowed 30 cents." Then he said, "After they get into midseason see what they cutely do, to help Ontario and Quebec. What they cutely do then is to get the ceiling down to 19 cents in Ontario and Quebec, and allow the farmers to go up to 22 cents in the west and the maritime provinces." Now, he cannot have it both ways either.

Mr. McGEER: The eastern farmer gets it both ways.

Mr. ILSLEY: The eastern farmer does not get it both ways because the price—

Mr. McGEER: You are not—

An hon. MEMBER: Sit down.

Mr. McGEER: You are not speaking for the minister and I am sure he will not object to my asking this question. Is it not true that in the early part of the season, particularly in the east, when they are getting 30 cents, the farmers make an enormous profit on their early berries?

Mr. ILSLEY: I do not know.

Mr. McGEER: On those berries they make an enormous profit.

Mr. ILSLEY: After a certain date, after mid-season, the price to the producer in the central market is held down to 19 cents. The producer in the western and eastern provinces gets 22 cents.

Mr. McGEER: How can our packers—

Mr. ILSLEY: My hon. friend switches from farmer to packer in mid-season. He argues for the British Columbia farmers for the first of the season and for the British Columbia packers for the last of the season. He should follow the farmer through from beginning of the season or follow the packer through from the beginning of the season; he should not contradict himself. The effective date of this order was set at May 29, in order to bring imported berries under control. It was thought unwise to let a lot of imports go completely uncontrolled before the domestic crop appeared on the market and then impose a ceiling on the domestic crop. In the United States berries are selling at about 50 or 60 cents, and one hon. member said that they were selling for 59 cents in Ottawa. I do not know what the price is, but I am told it is something like 50 cents.

Mr. CRUICKSHANK: Fifty-nine cents.

Mr. ILSLEY: A year ago people were complaining because there was no control over the price of fruits. Hon. members say that there were no complaints, but the fact is that there were tremendous complaints because there were no ceiling prices. Those complaints were received from wage-earners notably. Do you think we could allow quantities of berries to come in from the United States at high prices and then just as soon as our own berries came on the market clamp on a price ceiling? Why should the price ceiling not begin early and apply to imported berries, as well as to our own? It has been said that there are no berries until the early part of June in British Columbia and until considerably later in the eastern parts of Canada.

I can remember the hon. member for New Westminster complaining bitterly in this house because we imposed a price ceiling upon Canadian honey and allowed Mexican or some foreign honey to come in here. If we were to allow the foreign product to go uncontrolled and controlled the domestic product, we would hear all kinds of inflammatory talk about bureaucracies—we have heard a lot of it this afternoon—and all this foolishness about bureaucrats and that sort of thing. These things have to be considered when you are dealing with a price structure.

In Ontario and Quebec the ceiling is 30 cents a quart until June 24, and 19 cents a quart after June 24. In the maritime provinces it is 27 cents a quart up to June 24, and 22 cents a quart after June 24. In the western provinces it is 27 cents a quart up to June 17 and 22 cents a quart after June 17.

Mr. HANSON (York-Sunbury): We have no berries before June 22 in the maritimes. Why should we have a ceiling there?

Mr. ILSLEY: I want to deal with these contentions one at a time. Some members say, no ceiling; others say, no control.

Mr. HANSON (York-Sunbury): I said in the maritimes.

Mr. ILSLEY: Just in the maritimes, and a ceiling everywhere else.

Mr. HANSON (York-Sunbury): I do not care whether you have a ceiling or not. The minister is not going to misrepresent my position. I stated expressly that I did not understand the situation in western Canada and I do not pretend to understand it in Ontario, but I have some knowledge of the situation in the maritime provinces. I suggest also that my contention has been supported by hon. members from the maritimes on both sides of the house. My contention is that no ceiling is necessary, and until I am shown otherwise I shall continue to hold that view. It may be that there is a reason and, if so, I should like to be shown. But I should like to be consulted once in a while by these so-called bureaucrats whom the minister is defending so magnificently this afternoon. He is telling us that we must not say a word against them. Surely members of parliament are entitled to be consulted.

Mr. ILSLEY: I do not mind a question, but I hate some types of speeches in the middle of my speech. Ontario and Quebec are higher for the early berries and lower for the mid-season berries, because this conforms to usual market conditions. Prices in the central provinces always show a much wider swing between early and mid-season prices than do prices in the other provinces. This just follows the pattern of other years; it conforms to the experience of other years. It is not a device to favour one part of the country at the expense of another. I should imagine that the great majority of the berries would be marketed after June 24 in Ontario and Quebec where the ceiling is 19 cents a quart as against 22 cents a quart in the maritime provinces and British Columbia. I may be wrong, but I think that would be the case.

British Columbia is the principal producing area in the western provinces, and the season there is almost invariably ten days to two weeks ahead of the rest of Canada. Hence the date for dropping to the mid-season price is made one week earlier in British Columbia. It may be that that is too early for the eastern part of British Columbia and it may be that a good deal can be said for the representation made this afternoon by the hon. member for Kootenay East that the season in the interior is much later than on the coast. That is a matter to which consideration has been given and is being given at the present time.

But that kind of representation is different from the coastal representation, which is that there should not be any ceiling at all during the early part of the berry season. You would have this condition. Those persons who could get their berries off early would be able to get uncontrolled prices, while other unfortunate individuals would have to sell at the controlled price. You would then have accusations of discrimination far worse than anything that has been made this afternoon.

What about these prices? I want to put on the record the prices for the different provinces for different years. To hear some of the speeches made this afternoon one would think that we took the prices of Japanese produced berries in 1938, 1939, 1940 and 1941 as a basis for what we would allow the producers of berries in 1944. That is not the case at all. The prices of berries years ago were only about a third of what are being allowed under this price controlled order. Here are the average prices:

	1939 cents	1940 cents	1941 cents	1942 cents
Nova Scotia.....	10	11	13	14
New Brunswick....	8	7	9	10
Quebec	6	7	9	10
Ontario	7	6	9	12
British Columbia..	8	8	9	12

Mr. STIRLING: Are those pints?

Mr. ILSLEY: No; those are prices for quarts. The Japanese began to be removed from British Columbia in February, 1942, and I would call attention to the fact that the 1942 prices were higher in all provinces.

Mr. CRUICKSHANK: I know the minister does not want to give a wrong impression, but I think he has been misinformed when he says that the Japanese berry growers were leaving British Columbia on that date.

Mr. ILSLEY: I made inquiries just a few minutes ago as to when the Japanese began to be removed from British Columbia and I was told it was in February, 1942.

Mr. CRUICKSHANK: I come from a district where there were 700 Japanese farms, and I know that the minister must be misinformed. Perhaps one Jap and a small dog left then and they said the Japanese were beginning to be removed.

Mr. ILSLEY: It was not an official who informed me. I think my information was authentic.

In 1943 what was the situation in British Columbia? British Columbia's crop was only one-quarter of normal and prices rose to inflationary levels, being more than four times the prices which prevailed in 1940 and 1941, and more than two and a half times the prices of 1942. Let me give the production to show that what I am saying about shortages in the crop is true. In British Columbia the number of quarts produced in 1939 was 10,877,000; in 1940, 9,078,000; in 1941, 10,431,000; in 1942, 5,649,000; in 1943, 2,523,000. That shows the tremendous drop in production, and there was a tremendous rise in price. The price in British Columbia in 1943 did rise on the average to 33 cents a quart, and as I said before, that was four times the prices which prevailed in 1940 and 1941, and more than two and a half times the prices of 1942. In fixing a ceiling for 1944 I do not think it would be reasonable to take the conditions of last year, which were entirely extraordinary. The 1944 average ceiling is 9 or 10 cents a quart below the 1943 price but it is nearly double the 1942 price—not nearly double the old prices of 1938, 1939 and 1940, but nearly double the 1942 price. The 1944 ceilings do not constitute a roll-back on 1943 prices in other provinces and in each case are about double the 1942 prices.

A great many statements have been made in the course of this discussion of which I have made notes. I have the remarks of the hon. member for Fraser Valley about the costs of production. I do not know what the source of his figures is.

Mr. CRUICKSHANK: I will give it.

Mr. ILSLEY: Yes, but I have not got it. The figures would have to be pretty carefully checked. But when you fix a ceiling price that is about twice the 1942 price, which was a very considerable increase over the preceding two years, it would seem to me that adequate consideration must have been given to all relevant factors, including the cost of production. I do not know that Mr. Donald Gordon ever said what the hon member for New Westminster (Mr. Reid) says he said—

Mr. REID: He said it in Vancouver when arguing with the potato growers.

Mr. ILSLEY: —that he did not care what it cost to produce.

Mr. REID: I can give you the date and the meeting.

Mr. ILSLEY: I would be doubtful if there was any record of his saying anything of the kind. I certainly do not know of his saying anything of the kind. It is very, very easy to attack officials, men who are doing an enormously difficult job. This discussion to-day is like discussions that have gone on over the last two or three years. Members get up and say: "We want controls; we want ceilings"—except the hon. member for York-Sunbury (Mr. Hanson), who does not want a ceiling in the maritime provinces.

Mr. HANSON (York-Sunbury): On strawberries.

Mr. ILSLEY: Members get up and say, "We want ceilings, but we do not like what was done here." That is what they say to nearly everything. I have yet to meet anybody who is affected by controls to such an extent that he will lose money that he would have had but for that limitation, and who accepts the control without an argument. While it is a painful thing to operate all these controls, it involves prices in hundreds of thousands of individual cases and individual commodities, and I think that the officials have acted carefully and fairly in this particular case. Mr. Chambers, the administrator of fruits, has had forty years' experience in British Columbia. Some members of this house know him better than I do, but I know that he has had forty years' experience in British Columbia, and I am thankful this afternoon that he did come from British Columbia. I am thankful that he did not come from Ontario or the maritime provinces.

Mr. HANSON (York-Sunbury): Was he a grower?

Mr. ILSLEY: He has been growing apples and has been in the Okanagan valley and has been associated with growers and cooperative organizations for years.

Mr. CRUICKSHANK: How many strawberries are grown in the Okanagan valley?

Mr. ILSLEY: I do not say they grow strawberries there.

Mr. CRUICKSHANK: I know.

Mr. ILSLEY: Mr. Chambers has been in touch with this problem for months. He has made trips to British Columbia about it and has done a very considerable amount of consultation with people who ought to know about it.

Mr. HANSON (York-Sunbury): He never consulted with one member of parliament about it. We are not idiots altogether.

Mr. ILSLEY: I say that this order was worked out carefully and I can see nothing unfair about it. It may be that the order is

not absolutely perfect; I do not know. I will say this, that time after time these situations arise, representations are made, and we do the best we can with the situations, but it is pretty hard to convince me that a price which is about double the price of 1942, which was about four times higher than the prices of 1941, 1940 and 1939, is an unreasonable price.

With regard to the dates when there is a drop in the ceiling price, that is a matter, as I said before, to which consideration can be given.

Mr. HAZEN: Will the minister give the average figures for 1943 for the other provinces? He gave the figures for British Columbia only.

Mr. ILSLEY: In 1943 the average figure for Nova Scotia was 22 cents; New Brunswick, 19 cents; Quebec, 17 cents; Ontario, 18 cents; British Columbia, 33 cents. That shows it was altogether an abnormal price.

Mr. CRUICKSHANK: Will the minister state whether in his opinion these prices are adequate figures to be used as a base in fixing the price for 1944, namely, eight cents in 1938, eight cents in 1939, nine cents in 1941? I will repeat those figures and I want to make sure that every member hears them: 8 cents, 8 cents, 9 cents and 12 cents. Does the minister think those are fair figures to use in fixing the price for 1944?

Mr. ILSLEY: I am defending the figure of 27 cents.

Mr. CRUICKSHANK: The minister stated that there was an abnormal rise in those years.

Mr. SPEAKER: Order.

Mr. ILSLEY: The abnormality is shown by comparison with the other provinces.

Mr. CRUICKSHANK: Mr. Speaker, I want to do this according to Hoyle. May I ask permission to withdraw the motion?

Motion withdrawn.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PENSIONS—OLD AGE AND BLIND

Mr. KNOWLES:

1. Have any provincial governments asked the federal government to increase from $65 to $125 a year the amount of other income which an old age or blind pensioner may receive without suffering a reduction in the amount of his pension? If so, which provinces?

2. Have any provincial governments asked that the above amount be higher than $125 a year?

3. Is the government considering action in this matter?

Mr. KNOWLES: I suggest that the Minister of Finance has adequately answered this question in the announcement he made earlier to-day, and so far as I am concerned the question can now be dropped. I am grateful for the announcement made.

Mr. ILSLEY: Thank you.

DEPARTMENT OF AGRICULTURE—EMPLOYEES WITH UNIVERSITY DEGREES

Mr. NICHOLSON:

How many of the employees of the Department of Agriculture in each classification given in sessional paper 284, Friday, April 28, 1944, have, (a) the degree of Master of Science or Master of Arts; (b) the degree of Doctor of Philosophy?

Mr. GARDINER:

	(a) Master of Science or Master of Arts	(b) Doctor of Philosophy
1. (a)	9	3
(b)	26	14
(c)	22	6
(d)	2	..
2. (a)	28	4
(b)	39	1
(c)	3	..
(d)	..	1

WARTIME PRICES AND TRADE BOARD—USED BEER BOTTLES

Mr. BLACK (Cumberland):

1. Having reference to the wartime prices and trade board administrator's order No. A-505, dated the 7th day of December, 1942, and signed by S. Godfrey, administrator of used goods, and approved by D. Gordon, chairman of the wartime prices and trade board, does the said order No. A-505 apply only to the provinces of Nova Scotia and New Brunswick?

2. How many brewers are there in the province of Nova Scotia to whom empty beer bottles may be sold?

3. How many brewers are there in the province of New Brunswick to whom empty beer bottles may be sold?

4. In view of paragraph (d) of subsection 2 of section 4 of the said order No. A-505, is any person or firm engaged in the business of collecting and marketing empty or used beer bottles and selling same within the province of Nova Scotia to any person other than a brewer?

5. In view of paragraph (d) of subsection 1 of section 4 of the said order No. A-505, is any person or firm engaged in the business of collecting and marketing of empty or used beer bottles and selling same within the province of New Brunswick to any person other than a brewer?

6. Have any permits been issued since the 11th day of December, 1942, to date under subsection 1 of section 4 of the said order No. A-505 by the commissioner of the New

Brunswick liquor control board to any person or firm for the sale and shipping of beer bottles to points outside the province of New Brunswick? If so, how many, and to whom were such permits issued?

7. Have any permits been issued since the 11th day of December, 1942, to date, under subsection 2 of section 4 of the said order No. A-505 by the chief commissioner of the Nova Scotia liquor commission to any person or firm for the sale and shipping of beer bottles to points outside the province of Nova Scotia? If so, how many, and to whom were such permits issued?

8. Did the wartime prices and trade board during the year 1942 receive any representations from brewers in the province of Nova Scotia that there was a shortage of used or empty beer bottles in that province?

9. Did the wartime prices and trade board or the Minister of Finance receive during the year 1942 any representations from the chief commissioner of the Nova Scotia liquor commission asking that measures be promulgated similar to those contained in subsection 2 of section 4 of order No. A-505?

10. Is a Mr. Mahon authorized to act on behalf of the wartime prices and trade board in the administration of the provisions of order No. A-505?

11. Has the chief commissioner of the Nova Scotia liquor commission been authorized to issue permits under the provisions of subsection 2 of section 4 of order No. A-505?

12. What is the name and address of the chief commissioner of the Nova Scotia liquor commission?

13. Under the provisions of subsection 2 of section 4 of order No. A-505, has a permit been issued to the Provincial Bottle Exchange Limited of Halifax, N.S., or to D. F. Moriarity, its president, to ship empty beer bottles out of the province during the period from the 11th day of December, 1942, to date? If so, how many such permits, and for what quantity of empty beer bottles?

Mr. ABBOTT:

1. Yes. See section 2 of the order.

2. Two. A. Keith & Son Ltd.; Oland & Son Ltd.

3. Two. New Brunswick Breweries Ltd., Saint John, N.B. Red Ball Brewery Limited, Saint John, N.B.

4. Yes.

5. Yes.

6. Yes. Permits have been issued to the following: Thos. Buraglia, Bathurst; A. Freedman & Son, Saint John; J. Omer Guidry, Campbellton; Hachey Bros., Chatham; Fred Levesque, Edmundston; W. G. McIntyre, Saint John; J. A. Robichaud, Rexton, G. Rubenstein, Chatham; Harry Ruch, Moncton.

7. Yes. Permits have been issued to the following: Consumers Bottle Co., Sydney; Provincial Bottle Exchange, Halifax.

8. Yes. The brewers complained that bottles were leaving the province and that there were not enough left for their requirements.

9. From the files of the W.P.T.B. it appears that a situation relating to the provision of beer bottles for breweries in the martime provinces was brought to the attention of the board in the spring of 1942, by one of the brewers in the maritimes. In previous years, maritime breweries had relied on the collection of used beer bottles for their needs, because bottles are not manufactured in the maritime provinces. As demands for beer increased and a bottle shortage appeared possible, shipments of empty bottles back to Ontario and Quebec breweries began to increase. The situation was discussed between officials of the board and officials of the N.S. and N.B. liquor commissions together with the maritime brewers and the provisions of order No. A-505 were thereby developed. The purpose of this order was to keep used beer bottles needed for the use of the maritime breweries in the maritimes, and thus avoid shipment of empties back to Ontario and Quebec, and shipment of additional quantities of new bottles to the maritime breweries.

10. The chief commissioner of the Nova Scotia liquor commission is authorized to act on behalf of the W.P.T.B., in the administration of order No. A-505.

11. See question 10.

12. A. S. Mahon, Chief Commissioner, Nova Scotia Liquor Commission, 157 Granville St., Halifax, N.S.

13. Yes. 279 permits covering 10,803 dozen empty pint bottles and 56,629 dozen empty quart bottles.

WAR PRODUCTION—PROVING GROUNDS

Mr. KNOWLES:

1. What is the total personnel assigned to or employed by the proving grounds establishment of the Department of National Defence?

2. What percentage of Canadian war production, during the past year, has been tested by this establishment?

Mr. MACDONALD (Halifax):

1. 54 all ranks. In addition, 121 are temporarily attached for special tests now in hand.

2. Vehicles of various types with their ancillary equipment constitute the bulk of all war materials tested by the proving ground of the Department of National Defence. About ·45 per cent of the total production of vehicles in dollar value was tested during the last fiscal year. This represented, however, the testing of 100 per cent of new model vehicles as at least one of each new type was tested.

The percentage of the total Canadian-produced vehicles tested has no relation to the activities of the proving ground. While only a very few of each type of vehicle are tested

by the proving ground, a large number of special tests are carried out from time to time. Many of these tests take a large number of man-hours to complete, such as the tests carried out in order to develop satisfactory synthetic recapped tires, which involved 15 trucks, 28,000 man-hours and 260,000 miles of testing.

HOUSING—EXPENDITURES

Mr. BENCE:

What sums of money have been expended in each year under the authority of the National Housing Act, 1938, chapter 49?

Mr. ABBOTT: Advances made by the government as its share of approved loans under the National Housing Act, 1938, and its predecessor act, the Dominion Housing Act, 1935, have been as follows:

Fiscal year	Dominion Housing Act	National Housing Act	Total
1935-36....	$ 79,883	.....	$ 79,883
1936-37....	1,004,052	.....	1,004,052
1937-38....	1,725,801	.....	1,725,801
1938-39....	2,049,325	$ 729,215	2,778,540
1939-40....	204,021	4,478,687	4,682,708
1940-41....	7,838	4,310,953	4,318,791
1941-42....	.....	3,491,353	3,491,353
1942-43....	.....	1,324,637	1,324,637
1943-44....	.....	921,730	921,730
	$ 5,070,920	$15,256,575	$20,327,495

CANADIAN ARMY—SENIOR OFFICERS

Mr. KNOWLES:

1. How many of each of the following are there in the Canadian army: colonels, brigadiers, major-generals, lieutenant-generals, and generals?

2. With reference to each of the above ranks, how many were born in, (a) Canada; (b) United Kingdom; (c) elsewhere?

Mr. MACDONALD (Halifax):

1. As of 27th May, 1944:

	Colonels	Brigadiers	Major-Generals	Lieutenant-Generals
On duty with Canadian Army	247	128	25	6
On duty with other government departments or agencies....	6	5	5	..
On leave pending retirement	6	2	3	1

2.

	(a)	(b)	(c)
Colonels	191	51	17
Brigadiers	105	19	11
Major-Generals	24	7	2
Lieutenant-Generals	6	1	..

[Mr. W. C. Macdonald.]

PRAIRIE FARM ASSISTANCE—APPLICANTS WHOSE SOLE OCCUPATION NOT FARMING

Mr. DIEFENBAKER:

1. In how many cases in each of the provinces of Saskatchewan, Alberta and Manitoba, during each of the years 1941 to 1943 inclusive, have operators of farms been denied payment under the Prairie Farm Assistance Act on the ground that their sole occupation was not farming?

2. (a) Have payments been made to any applicants whose sole occupation was not farming; (b) if so, how many of such cases were there in each of the said provinces, during each of the said years?

Mr. GARDINER:

1. Complete records of persons ineligible for prairie farm assistance awards are not available.

2. (a) Yes; the regulations under the act permit payments to persons having other occupations provided they reside on their farms and their primary occupation is farming; (b) records not maintained in such a way as make this information available.

NATIONAL REVENUE—ADVERTISEMENT IN "LIBERAL ADVOCATE"

Mr. BENCE:

1. Was an advertisement inserted by the Department of National Revenue in the April, 1944, number of the periodical known as the *Liberal Advocate*?

2. If so, what was the cost to the Department of National Revenue, and/or any other department of the government for such advertisement?

Mr. GIBSON:

1. Yes.

2. Cost to income tax division of the Department of National Revenue, $100.

ORDERS IN COUNCIL

Mr. DORION:

1. Of the 44,321 orders in council passed by the governor in council since the beginning of the war, have any not been published and made public?

2. If so, (a) how many; (b) when will they be published or made public?

Mr. CLAXTON:

1. Yes.

2. (a) 41,138;

(b) Since August 25, 1939, orders in council passed under the authority of the War Measures Act have been tabled periodically in both Senate and House of Commons.

Prior to October 1, 1942, orders in council of general or widespread interest or concern were published in eight volumes under the general title "Proclamations and Orders in Council relating to the War". Other orders in council relating, for example, to foreign exchange control, defence of Canada regulations, et cetera, were published from time to time in separate volumes.

The statutory orders and regulations order 1942 (P.C. 7992, September 4, 1942) provided for the publication by the privy council office in "Canadian War Orders and Regulations" of all orders in council relating to the war, of a legislative character or imposing a penalty. Since October 12 of that year "Canadian War Orders and Regulations" has appeared weekly.

Orders in council required by statute to be published in the *Canada Gazette* are printed from time to time in that publication.

Orders in council which have not been published or made public, since the beginning of the war, fall into two categories, namely:

(1) Orders of a purely administrative character and of no general interest.

Such orders include those originating in the Department of Munitions and Supply, for the authorization of contracts between the Minister and manufacturers and suppliers of weapons and war supplies of all kinds. For this purpose the authority of the governor in council is required under the Department of Munitions and Supply Act. These account for approximately 70 per cent of all orders in council passed since the beginning of the war.

Also included in this category are those authorizing contracts by the Department of Public Works, appointments to various administrative positions and miscellaneous routine orders passed under the authority of various statutes.

(2) Orders in council, the publication of which is withheld for security reasons.

In this category are included orders in council, the publication of which is omitted or deferred under the authority of the secret documents (non-publication) order 1941 (P.C. 5135 of July 15, 1941); the publication of such orders would otherwise be necessary. Also included within this category is a small number of orders in council in respect of which military authorities issue a certificate to the effect that their publication would convey information likely to be of value to the enemy. Such orders, for example, authorize military establishments and the like.

SPECIAL WAR REVENUE ACT—DECISION OF SUPREME COURT, OCTOBER, 1942

Mr. GREEN:

1. Has the government taken any action regarding deposits to protect policyholders in Canada, in view of the decision of the Supreme Court of Canada given in October, 1942, which deals with the validity of section 4 of the Special War Revenue Act amending Act 1940-41, and the validity of registration and deposits under the Dominion Insurance Acts?

2. Are registration and deposits still required?

Mr. ABBOTT:

1. The government continues to require and hold deposits as heretofore.

2. Yes.

JAPANESE NATIONALS—BRITISH COLUMBIA

Mr. REID:

Have any assurances been given the Japanese, by or on behalf of the security commission, that they would be returned to British Columbia following the end of the war?

Mr. MARTIN: No commitments, with respect to post-war disposition of persons of the Japanese race, evacuated from the protected areas of British Columbia, were made to such persons by the British Columbia security commission.

WARTIME INFORMATION BOARD—D. PETEGORSKY

Mr. DORION:

1. Is D. Petegorsky employed by the war information board?

2. If so, (a) what is his racial origin; (b) since what date has he been in the employ of the department; (c) what is his age; (d) is he a British subject? If so, (i) by birth or by naturalization; (ii) if by naturalization since what date; (e) what was his occupation during the five years previous to his employment at the war information board; (f) what are his duties in the department?

Mr. CLAXTON:

1. Mr. D. Petegorsky is an employee of the national film board, who works with the wartime information board on industrial information, but is not on the payroll of the latter.

2. (a) Russian Jewish. (b) Joined the national film board October, 1942, associated with the wartime information board since February, 1943. (c) Twenty-eight. (d) Yes, by birth. (e) February, 1928-June, 1940 student, London School of Economics Ph.D. Pol.Ec. September, 1940-January, 1942, instructor in political science at Antioch college, Ohio. January, 1942-June, 1942, assistant director in charge of public relations and research, emergency committee for Jewish affairs, New York city. October, 1942, national film board. (f) He supervises wartime information board's industrial information service and relates it to the industrial film service provided by the national film board.

WARTIME OILS LIMITED—DRILLINGS IN MARITIMES

Mr. HAZEN:

1. Has Wartime Oils Limited conducted drillings in any areas in the maritime provinces?

2. If so, (a) in what areas have drillings been carried on; (b) what has been the result in each area; (c) were these drillings carried on by the employees of Wartime Oils Limited or by contractors on its behalf? If carried on by employees of the company what was the cost

in each area? If carried on by contractors, what were the names of the contractors in each area and how much was paid each of them?

Mr. HOWE:

1. No.

2. Answered by No. 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

MOBILIZATION ACT—CANADIAN NATIONALS IN THE UNITED STATES

Mr. DIEFENBAKER:

How many male citizens resident in the United States between the ages of 18 and 38, who have not declared their intention of becoming citizens of the United States, are estimated to have been or to be subject to service in the Canadian armed forces, (a) as of January, 1943; (b) as of this date?

BUILDINGS PURCHASED OR SPACE LEASED IN NEW BRUNSWICK

Mr. HATFIELD:

1. In what places in New Brunswick have buildings been erected for the use of, (a) wartime prices and trade board; (b) selective service and unemployment insurance?

2. What is the complete cost of such buildings and property?

3. In what places in New Brunswick have offices been leased by the above boards?

4. What are the rental charges for each of the above offices?

5. What has been the cost of alterations and furnishings and other supplies for the said offices?

MOBILIZATION ACT—EXTENSION OF LEAVE

Mr. POULIOT:

1. How many circular letters were printed, mimeographed or requisitioned in or by each military district since June, 1940, to notify conscripts, (a) that their application for an extension of leave had been refused by the national war services board or by the mobilization commission, and (b) that they had to report, without further notice, to the military district depot?

2. How many of such forms were sent by the Department of National Defence, the Department of National War Services or the Department of Labour to the liaison officer of each military district?

3. How many of such forms have not been used in each military district?

RIDEAU HEALTH CENTRE

Mr. JAQUES:

1. What is the name of the real estate adviser who recommended the purchase of the land for the Rideau health centre on the Rideau river?

2. Was he paid a commission or salary for his services? If so, how much?

3. Was the property acquired through an agent?

4. If so, what is the name of such agent?

5. Was a commission paid to him? If so, how much?

6. What has been the cost to March 31, 1944, for drilling for water, levelling, filling, painting, etc., in connection with the Rideau health centre?

7. What water and sewage system will be installed?

8. What is the location of the 230 acres under expropriation proceedings?

PAYMENTS TO "HERALD", TORONTO

Mr. JACKMAN:

1. How much money has the government, government departments, or boards thereof, paid to the *Herald*, or E. V. Donnelly, or Basil J. Donnelly of 2411 Yonge street, Toronto, during each of the years 1939-1943, inclusive?

2. By what departments or boards were the moneys paid, and for what purpose or purposes?

3. What contracts have they, or any of them, with any government departments or boards at the present time?

TIDEWATER CONSTRUCTION COMPANY LIMITED

Mr. BLACK (Cumberland):

1. Has any department of the government entered into contracts with the Tidewater Construction Company Limited, of Nova Scotia, since the beginning of the present war to date?

2. If so, were tenders called, stating particulars and amount of each tender?

3. What was the date of each contract, the estimated cost, final cost and date of completion?

MOTIONS FOR PAPERS

USED BEER BOTTLES

Mr. BLACK (Cumberland):

For a copy of all correspondence, petitions, requests or other documents submitted to the Minister of Finance or any other minister or official of the government, asking for the prevention of the sale or delivery, purchase or acquisition of used beer bottles located in the province of Nova Scotia or the province of New Brunswick for the purpose of removal from the province; a copy of all correspondence passing between the chief commissioner of the Nova Scotia liquor commission and the Minister of Finance or any other minister or official of the government leading up to the passing of wartime prices and trade board order No. A-505 of the 7th day of December, 1942, and dealing with the handling or sale of empty beer bottles within the province of Nova Scotia; also any correspondence passing between the Provincial Bottle Exchange Limited of Halifax, Nova Scotia, and/or D. F. Moriarity and the Minister of Finance or any other minister or official of the government during the years 1942, 1943 and 1944, and having regard to the handling or dealing in, or purchase or sale of empty beer bottles in the province of Nova Scotia; also copy of all correspondence, letters, telegrams, petitions or other documents passing between the commissioner of the New Brunswick liquor control board and the Minister of Finance or any other minister or official of the government and having regard to the handling or dealing in, or purchase or sale of empty beer bottles in the province of New Brunswick during the years 1942, 1943 and 1944; also a copy of any representations, briefs, correspondence, submissions or other documents presented to the Minister of Finance or the wartime prices and trade board, or any other official

of the government protesting against the terms and conditions of wartime prices and trade board administration order No. A-505; also copy of any correspondence or requests for permits made to the Minister of Finance or the wartime prices and trade board or any other official of the government under subsection 2 of section 4 of order No. A-505.

Mr. ABBOTT: Return tabled.

Mr. GRAYDON: I suggest to Your Honour that since we have disposed of these notices of motions with such celerity to-day, a good deal of time that is taken up in reading the motions could be saved if the house were agreeable to dispensing with that procedure. Unless there were some special reason why every motion should be read, perhaps we might adopt this speedier method of dealing with them.

Mr. SPEAKER: Personally I should be glad indeed to follow the hon. gentleman's suggestion, but an hon. member in whose name a motion stood might desire to have it read.

Mr. GRAYDON: In that case it could be read.

Mr. SPEAKER: Only with the consent of the hon. member concerned could the reading be dispensed with.

SURPLUS CROWN ASSETS

PROVISION FOR CORPORATION AND ADVISORY COMMITTEE

Hon. C. D. HOWE (Minister of Munitions and Supply) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce legislation:

To confer authority upon a corporation to be established thereunder, to sell, exchange or otherwise dispose of, hold, manage, recondition, or otherwise deal with surplus crown assets, and to confer certain powers upon the Minister of Munitions and Supply and the governor in council in relation thereto including the power to establish an advisory committee;

To provide also that authority be given the governor in council to authorize the Minister of Finance to pay or advance to the corporation, from time to time, working capital from unappropriated moneys in the consolidated revenue fund; with provision for the deposit by the corporation to the credit of the consolidated revenue fund of Canada of all moneys received by it, except moneys paid or advanced to it on account of working capital and such percentage of all other moneys received by it as the governor in council may from time to time determine as being necessary to defray the administrative costs or other expenses of the corporation;

And to provide further for the payment of the salary of the president of the corporation and the chairman of the committee, and fees and salaries of persons in the employ or service of the minister, the committee or corporation.

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

Motion agreed to.

CITY OF OTTAWA

JOINT COMMITTEE OF SENATE AND COMMONS TO REPORT ON FEDERAL-MUNICIPAL RELATIONS

Hon. J. L. RALSTON (for the Prime Minister) moved:

That a joint committee of the Senate and House of Commons be appointed to review the special problems arising out of the location of the seat of government in the city of Ottawa and to report on the relations between the federal government and municipal authorities of the said city and their relative responsibilities in respect of such problems with power to inquire into the matter and things therein referred to:

That the said committee consist of the following: Messrs. Boucher, Cote, Dechene, Gregory, Hill, Knowles, Marshall, Matthews, McIlraith, McLean (Simcoe East), O'Brien, Pinard, Purdy, Reid, White.

That standing order 65 of the House of Commons be suspended in relation thereto;

That the committee shall have leave to sit while the house is in session;

That the said committee shall have power to send for persons, papers and records and to report from time to time;

That a message be sent to the Senate to acquaint their honours that the House of Commons has appointed this committee and to request their honours to appoint members of the Senate to act thereon with the members of the House of Commons as a joint committee of both houses.

Motion agreed to:

WORLD MONETARY CONFERENCE

INQUIRY AS TO INVITATION TO AND PARTICIPATION BY CANADA

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): On May 22 I directed an inquiry to the Minister of Finance asking him for information as to whether or not the government had been consulted with respect to the reported calling of a world monetary conference. I also inquired at that time if the government was in a position to indicate under the auspices of what nation the conference would be called and the date and place of such a meeting, also as to whether or not Canada would be represented at the proposed gathering. The Minister of Finance stated in answer to my inquiries that the government had not been consulted with respect to the reported conference and was unaware that such a conference was to be convened.

It now appears that representatives of forty-two countries, as well as the French Committee of National Liberation, have been invited by President Roosevelt to a conference to deal with monetary and financial stabilization on July 1, next. I would now ask the

Minister of Finance if Canada has received an invitation to this conference and, if so, how many delegates will attend from Canada? I should also like to know who these delegates will be and who will head such a delegation.

Hon. J. L. ILSLEY (Minister of Finance): Canada has received an invitation to this conference, but the delegates have not been selected, and the number of delegates has not been decided upon.

Mr. GRAYDON: May I ask the minister whether that will be decided upon by those who call the conference, or by Canada?

Mr. ILSLEY: I have the invitation before me, and I do not think it mentions the number of delegates. That would be decided by this government.

Mr. GRAYDON: Can the minister say whether he will be attending the conference?

Mr. ILSLEY: I do not even know that. Probably I shall be there for a short time.

Mr. BLACKMORE: The minister will remember that on Friday I asked a similar question, the third part of which was whether or not the Canadian delegates would be informed that they had no authority to commit Canada to any international monetary scheme until after such scheme should have been maturely considered by the parliament of Canada.

Mr. ILSLEY: In the communication extending the invitation appears the following sentence:

> It would be understood, of course, that the delegates would not be required to hold plenipotentiary powers and that the proposals formulated at the conference would be referred to the respective governments and authorities for their acceptance or rejection.

This government in considering any proposals formulated at the conference would of course act with a due sense of their responsibility to parliament; and I do not think any further commitment than that should be asked for at this time. I would assume that if anything is proposed to alter the monetary policy of the Dominion of Canada in an important or far-reaching way, that would be brought before the house for its consideration and approval. I think that is all I should say at the moment. The government, in considering any such proposal, would act with a due sense of its responsibilities to parliament.

Mr. BLACKMORE: I believe that before Canada became committed to any international monetary scheme whatsoever there should be introduced into this house a measure which could be referred to the banking and commerce committee for the most thorough study.

SUPPLY

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of supply.

Motion agreed to, and the house went into committee of supply, Mr. Bradette in the chair.

LEGISLATION

The Senate—

112. General administration, $219,980.

Mr. POULIOT: This is an important item. It concerns one of the two legislative bodies of this parliament. We hear complaints that the senate is not being given the importance that it has in our constitution. It is easy to make a comparison between our senate and the senate of the United States. Across the border the senate has much more importance than congress and it is because the American senators assumed the initiative on many important matters of public administration. There is an external affairs committee of the United States senate which decides the foreign policy of that country. They play a role of major importance, and I do not see why a discussion of matters which are so vital to our national life are left to the parliamentary assistant to the chairman of the privy council, the Prime Minister, who delivers broadcasts twice a week about matters that should be studied by a committee of the senate. I very seldom listen to the radio, but I should like to read the reports of such committees of the senate.

There are also other things that should be studied by the senate. Many conservative senators have died; let them rest in peace, but those who are still alive, though their party is dead, should meet together to discuss the vital questions of bureaucracy. They should study the civil service. On two occasions special committees of this house have recommended unanimously that a standing committee on the civil service should be set up. The government did nothing about it, but on the other hand there is in the senate a standing committee on the civil service, which never sits. It is in the same class as the honorary committee on debates, the same as the committee on public accounts which was sleeping until it was awakened by the present leader of the opposition. Yet those people complain that they are not sent any work by the House of Commons. They have completely lost any sense of shame in the senate, and with the exception of two or three senators for whom I have the deepest

admiration I concur in what was said by the leader of the C.C.F. party as to the abolition of that body. Here they are, sitting perhaps fifteen days or three weeks during the session. We can see what they do by looking at their *Hansard;* it is as thin as a sheet of tissue paper. They meet, shake hands and go away. They have nothing to do. If they were willing to work; if they had enough initiative, they could help us; they could play the part that was allotted to them under our constitution.

I am not surprised that the vacant seats are not filled by the government. I believe there are thirteen of them, which is quite a number. It is true that this government has a majority in the senate, but I remember the time when Mr. Bennett was in power and Mr. Sauve was Postmaster General. He was my political football at the time and I wanted to keep him in the house; I did not want the Prime Minister to appoint him to the senate. I told the right hon. gentleman what economy he was practising by not making appointments to the senate. He was saving $4,000 a year for each vacant seat, plus travelling expenses, and he found the idea so good that he kept the Postmaster General in the house, to my great enjoyment. But now it would be easy for the government to appoint good men to the senate, some of the members who vote with the government on all matters but do not say a word in the house, those for whom the Christmas tree is in full swing the year round. Someone was complaining that outsiders were appointed to the senate and that as a result members of parliament were suffering an injustice. I say it is a good thing that they received the treatment they deserved. They did nothing here, and the Prime Minister could not expect them to awaken in the senate after they had been sleeping in this house since the beginning of the war. The senate is a nonentity in our parliament at the present time, just on account of the unwillingness of the senators to do something while they are sitting there. It is a great honour to be in the senate; it is like a decoration for merit.

The CHAIRMAN: Order. If I may be allowed I would refer the hon. member to standing order 41, which reads:

> No member shall speak disrespectfully of His Majesty, nor of any of the royal family; nor of the governor or person administering the government of Canada; nor use offensive words against either house, or against any member thereof. . . .

Mr. POULIOT: Yes, Mr. Chairman, and I will not infringe the rule, but this is the only time during the session when we can say what we think, not of the senators themselves but of the would-be senators and of the usefulness of the senate. I would not infringe the rule by saying that the senate is useless.

Mr. GRAYDON: Is my hon. friend preaching for a call?

Mr. POULIOT: Well, my hon. friend knows very well that the only call to the senate I accepted was when the Minister of Munitions and Supply invited us to attend the sanctioning of certain bills, and that invitation was extended to my hon. friend just as much as it was to me, since the hon. gentleman wanted to adjourn the house while I was on my feet dealing with a problem much less interesting than this one. As I have said, I have two or three old friends in the senate who are still active and full of pep, but they are like an anachronism. Why should one have pep? It is the realm of rolling chairs and railroading bills. I am not against the senate; I am for it. I think the senate could do much more than it is doing now. I will not take the trouble to search for my copy of the debates of the senate, but it is painful to think that we should be voting $618,989 to keep the senate going now. I would not be for the abolition of the senate if the senators were really up to the standard of days gone by, but now it is the reward for a long political career. It is all right to reward old friends; I am all for it, and that is why I am surprised when some opponents of the government are appointed to various important positions and especially to honorary positions. Take the last four appointments to the senate for the province of Quebec. One is a gentleman who has a fat salary as head of a power organization. Another is a gentleman who had fat contracts from the Department of Munitions and Supply for being the agent of Mr. Macmillan in the province of Quebec. The third had no political background whatever.

Mr. RALSTON: My hon. friend knows the rules better than most of us. I want to point out to you, Mr. Chairman, the language the hon. member has used with respect to the senate, and I do submit that it is an infringement of standing order 41. Not only should my hon. friend discontinue using this sort of language against the other house; I suggest to him that it would be quite in order, and the thing to do, if he would withdraw it. He said that the members there might do us some good if they were willing to work; that if they had enough initiative they might do us some good; that the senate was a nonentity; that the senate was an anachronism. A moment ago he stated that one of the members was enjoying a fat contract with somebody, and intimated that this was the

reason he was appointed. I ask my hon. friend to desist from this sort of thing, and I take objection to his talking in that way regarding the other house.

Mr. POULIOT: In answer to what the minister has said—

The CHAIRMAN: The hon. member may speak to the point of order.

Mr. POULIOT: Yes. I will explain to him that there is positively nothing disrespectful in what I have said.

Mr. RALSTON: If that is so—

Mr. POULIOT: And I will ask the minister to sit down, please, and not interrupt me while I am speaking to a point of order.

Mr. RALSTON: I am speaking to a point of order.

Mr. POULIOT: Exactly. And I have to say that what I have said is in order, and I will not speak of anything else. My contention is that it is my duty, my solemn duty, to establish to the satisfaction of the Chair that I have not infringed the rules of the house while I was speaking on this subject. And I do not want my words to be distorted by anybody. I never said that it was because a man had fat contracts that he had been appointed to the senate. My hon. friend said that. But I said that a man who had fat contracts had been appointed to the senate and had received a reward besides his contract. And this I can say, and it is not disrespectful to say it. It is not attacking the honourableness of the man, in the first place.

In the second place, if I say that the senate is an anachronism, there is absolutely nothing insulting about it. And I will take the dictionary to prove to you that the definition of "anachronism" has not anything at all disrespectful, or that is against the rules of the house. Moreover, I have the Concise Oxford dictionary from the table. This is the dictionary that is to give us the true significance of each word.

Anachronic: Involving anachronism; out of date.

Anachronism: Error in computing time; thing out of harmony with the present. So anachronistic.

In French, anachronisme. Is there anything against the rules of the house in using the word "anachronism"? Then, I used the word "nonentity." Well, when the senate does not sit, can we call the senate an entity? It is an entity, theoretically, but not in fact. At the present time the senate is not sitting. I can say it is a nonentity; they do not exist. Is there something that is disrespectful in mentioning those facts?

[Mr. Ralston.]

What did I say besides that? I said a gentleman had an important job with a big salary, while he was appointed to the senate—or before he was appointed to the senate. This is not disrespectful. I did not attack their character. He has no right to sue me for libel or slander if I say it in this house. Moreover, I can say it in the drawingroom of the princess; it is the king's language. And what did I say? I said that the other fellow had no political background. Is there something disrespectful about that? I take it, statement after statement, and there is positively nothing disrespectful in what I have said. On the other hand, if this committee of the whole has become a star chamber, I will not insist any more. But on the other hand, I ask the Minister of National Defence not to be so touchy.

The CHAIRMAN: Order.

Mr. POULIOT: And to let members enjoy the rights that they have under the constitution.

The CHAIRMAN: On the point of order raised, the hon. member has stated his case, and I wish to give a ruling. I have already read to the committee standing order 41. I have no doubt in my mind that there were some disrespectful words uttered against the senate, and some newly appointed members of the senate, and I ask the hon. member to withdraw them.

Mr. POULIOT: I will consider withdrawing when you mention what I have said that was out of order, or that was not in accordance with the rules of the house.

The CHAIRMAN: I shall read again standing order 41:

No member shall speak disrespectfully of His Majesty, nor of any of the royal family; nor of the governor or person administering the government of Canada; nor use offensive words against either house, or against any member thereof.

I maintain that the insinuation against two newly appointed members of the senate, of fat contracts and receiving rewards, should be withdrawn.

Mr. POULIOT: I never made that insinuation.

The CHAIRMAN: These are the words which the hon. member actually used—"fat contract, and received rewards". The word "anachronism" might be parliamentary; but surely the word "nonentity" cannot be applied to the senate, and members of it. The statement that the hon. member made, that because senators are not sitting, it is a nonentity, cannot be applied to the senate when they are not sitting.

Mr. POULIOT: I have no objection to withdrawing the word "nonentity" if you feel like that. But with regard to the other things I said, that a man had fat contracts, but got another reward—that is what I said.

Mr. RALSTON: I do not wish to take the time of the committee; I think sufficient time has been taken. At the same time, this is a matter of serious principle.

Mr. POULIOT: Surely it is.

Mr. RALSTON: I wish to know just what the hon. member has withdrawn, and what he has not.

Mr. POULIOT: I have withdrawn the word "nonentity" at the request of the chair.

Mr. RALSTON: I am addressing the chair.

Mr. POULIOT: I was, too.

Mr. RALSTON: I propose to address the chair when I have the floor. I have asked what has been withdrawn.

The CHAIRMAN: The word "nonentity" uttered against the senate has been withdrawn. I rule that the word "anachronism" would be in order. And I also ask the hon. member for Témiscouata to withdraw the statement he made against a newly-appointed member of the senate, that he made an alleged fat contract, and received an award.

Mr. POULIOT: I cannot withdraw a thing which I have not said.

The CHAIRMAN: You will have to make an appeal to the house, then.

Mr. POULIOT: I wish to say what I have said, that a man had fat contracts from Macmillan, or something like that, after which he got a reward. This is what I said.

The CHAIRMAN: I must say that if the hon. member refuses to withdraw the statement against the newly-appointed member, I must report him to the Speaker.

Mr. POULIOT: You may report it to the Speaker; all right.

Mr. RALSTON: The item stands, then.

Item stands.

DEPARTMENT OF MUNITIONS AND SUPPLY

174. Dominion fuel board, administration and investigations, $32,120.

Mr. KNOWLES: Just to have the record straight, before we went into supply the Minister of National Defence sent me a note to the effect that the government intended to call two departments. I had absolutely no objection. I would point out, however, that on Friday night, he said that we would move into supply, and call an item in the Department of Munitions and Supply. The indication then was that there would be just one department.

Mr. RALSTON: I sent my hon. friend a note with regard to it. It really is not another department. I thought legislation would be the most innocuous item that could be suggested; but I was mistaken in that.

Mr. KNOWLES: I just wanted to have the record clear.

Mr. MACKENZIE (Vancouver Centre): Item 174 stands.

Item stands.

The CHAIRMAN: Before reporting to the house I shall have to see *Hansard,* so that I can see the statement made by the hon. member for Temiscouata.

Mr. RALSTON: There are other matters that will have to be dealt with also when *Hansard* is sent for. In the meantime, I move that the committee rise, report progress and ask leave to sit again this day.

Progress reported.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Friday, May 26, consideration in committee of a resolution to grant to His Majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

DEPARTMENT OF TRADE AND COMMERCE

Export permit branch — administration, $153,805.

Mr. PERLEY: Could the minister make a general statement on these five or six items? This would facilitate our obtaining information when we come to deal with the particular items.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Chairman, I think the suggestion of the hon. member is a good one. As a matter of fact I shall be glad to tell the committee something of the work going on in the department in connection with these various items under this war appropriation. I shall deal first with the export permit branch. This branch was established in the Department of Trade and Commerce in April, 1941. The purpose of export control is, first,

to conserve materials for Canada's own requirements or those of her allies; second, to prevent exports going to dangerous destinations or undesirable consignees; third, to fulfil our commitments to the United Kingdom; fourth, to conserve supplies for Canadian civilian use and, fifth, to aid in the administration of United States export control and domestic policy and to prevent Canada from being used as a back door by persons wishing to evade United States export regulations.

This branch considers applications for permits to export and issues or refuses them after consultation with the various administrators and controllers. An interdepartmental committee on export control upon which are representatives of trade and commerce, munitions and supply, wartime prices and trade board and all other departments concerned, deals with special questions in regard to the issuance of export permits which present particular problems from the point of view of shortage of supply, allocation of exports to different markets, et cetera.

Subsidies are paid by the dominion government in order to maintain Canadian domestic price ceilings. These subsidies are not payable on goods for export. The export permit branch recovers any subsidy paid before issuing a permit. The amount of subsidies recovered from September 1, 1942, to April 30, 1944, was $407,998.81. This money was remitted, partly to the prices stabilization board and to the Department of Agriculture for dairy supplies. Export quotas have been set up for a number of commodities and this division supervises the allocation of them. A fee of $2 is charged for each permit to export, the value of which exceeds $100, and the revenue for the present fiscal year amounts to $174,394.91.

Mr. PERLEY: The minister has made a statement with regard to export permits and I notice that practically the same statement appears in his annual report. Could he give us the number of permits issued this year, not only for the exporting of general commodities but for the products of western Canada other than grain? I understand that his department controls the general export of everything, grain included. Perhaps the minister can give us the number of permits issued for the export of grain, to the United States in particular, and also the policy of the government with respect to the use of United States transportation facilities. As I understand it, a number of United States cars are sent direct to the western provinces and do not come under the same regulations that govern shipments by lake boats. Perhaps he can give us a little information about this.

Later on I shall have something to say about the different items. I notice that the auditor's report contains an item with respect to drawbacks received by the mills. The minister has said that subsidies are not paid on goods for export, but how about flour? I understand that a subsidy or a drawback is paid to the mills on wheat which is to be manufactured into flour, for both domestic and export use. How do they keep these apart? From the minister's statement I would gather that flour for export would not carry any subsidy or drawback, and I should like some information as to how the millers keep their accounts of these subsidies; how they keep track of the wheat used to produce domestic flour.

I think we should have an auditor's report as to the subsidies paid to the mills or whoever received it, also a statement as to the price paid for the grain delivered to the mills and the basis upon which the flour is sold. The other day a return was brought down by the minister's department giving the price of flour at Saint John, and on the basis of that return we find that the price of wheat figures out at more than a basis of $1.25 Fort William. This return was tabled on May 15 in reply to my request for prices of flour at Saint John and Vancouver. It shows that for mutual aid the price was $9.46 per 280 pounds. If you figure out how much wheat it takes to produce 280 pounds of flour you will find that they ought to have at least $1.50 for the wheat, taking it on the basis of forty-five pounds of flour from a bushel of wheat. Then there would be the middlings and bran and so on, which, according to the bureau of statistics, would figure at about twenty-seven cents. If we take these figures it comes to $1.77 for the wheat. How about the drawback which the miller gets? Is it the miller that gets it? If so, that amount would have to be added on top of the $1.77. What is the per bushel drawback, which would have to be added to the $1.77, including flour, middlings, bran and shorts on the minister's own basis of 280 pounds, Saint John, $9.40?

Mr. MacKINNON (Edmonton West): I am very anxious to give the hon. member for Qu'Appelle and any other hon. member all possible information on any of the items coming before the committee this afternoon. The item before us deals with export permits, and the hon. member is asking for information which is entirely foreign to the subject under discussion. Some of the information he has asked for could be given on my civil estimates. He has also asked for information as to

millers' drawbacks. That does not come under this department but under the Department of Finance.

The hon. member asked as to the number of export permits issued this year. The total number issued was 99,153. I am sorry I have not a break-down of these items, showing the commodities covered.

The hon. member also asked as to the use of United States cars for the movement of wheat. That does not in any way come under this item.

Mr. PERLEY: Does it not come under export?

Mr. MacKINNON (Edmonton West): It would not come under export permits, because export permits are not used in connection with that movement at all. The hon. member will have an opportunity to get that information on my civil estimates, when I shall be prepared to give it to him. I am not hesitating at all to give all the information available now, but I think it would facilitate the discussion if we confined ourselves to the item before us.

Mr. PERLEY: I know that a man has to have a permit to ship grain to the United States and that it would go there in some United States cars. I think my questions are quite pertinent therefore, Mr. Chairman.

The CHAIRMAN: There is this difficulty when there are both civil and war appropriation estimates. I think, however, it would shorten the discussion if the minister's suggestion were to be followed. He has stated that he has not the information before him that the hon. member desires.

Mr. PERLEY: I submit, Mr. Chairman, that my questions are pertinent, because according to the auditor general's report, page Y-6, after "Canadian shipping board administration" the next item that appears is "drawback claims for millers" and the next item is "export permit branch administration", and these items are all listed under the Department of Trade and Commerce. Further details are given on pages Y-25, Y-26, Y-27 and Y-28. I should like the figures of expenditures to compare them with the expenditures given in the auditor general's report for the fiscal year ending March 31, 1943, for "export permit branch administration".

Mr. MacKINNON (Edmonton West): The amount voted for 1943-44 was $144,160 for the export permit branch. This year we are asking for $153,805. The total expenditure for the fiscal year 1942-43 was $99,842.11, and for 1943-44, $136,851.78. The revenue for the fiscal year 1942-43 was $139,727.53, and the revenue for 1943-44 was $174,394.81, showing that this branch operated at a profit of some $40,000 for the year.

Mr. PERLEY: The minister stated that the number of permits issued was 99,153. Quite a number of permits were refused last year according to the last annual statement. Would the minister state how many permits have been refused this year and to where the goods were consigned?

Mr. MacKINNON (Edmonton West): I have not that information before me at the moment.

Mr. PERLEY: Perhaps we could get it after eight o'clock.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. RALSTON: I move that the committee rise, report progress and ask leave to sit again this day.

Progress reported.

PRIVATE BILLS

FUNDY AIR LINES

The house in committee on bill No. 89, to incorporate Fundy Air Lines—Mr. Pottier—Mr. Bradette in the chair.

On section 1—Incorporation.

Mr. KNOWLES: I understand that the committee proposed an amendment to this bill. Should we not know where the amendment fits in?

The CHAIRMAN: There are some amendments.

Section agreed to.

Sections 2 to 6 inclusive agreed to.

On section 7—Powers of the company.

Mr. HANSON (York-Sunbury): If hon. members will read the powers of the company they will at once be impressed with the far-reaching powers that are sought. I only desire to call attention to this phase of it. The real object of the company, I assume, is to incorporate an air transportation line or lines. But this company can carry on the business of bus proprietors, and builders and manufacturers. It can also carry on the business of insurance. I should like to have some assurance that the superintendent of insurance is cognizant of

the provisions of this bill. Would the promoter be good enough to tell the committee if this bill has the imprimatur of the superintendent of insurance? I wish to point out to this committee that the powers here are almost unheard of. I am not going to vote against the principle of the bill. I want to see the proprietors, the incorporators, get a charter to incorporate an aeroplane company, but I do not want them to go into the business of insurance; I do not think they ought to go into the business of a bus company, and above everything else I do not think they ought to go into the business of stock jobbing, because that is in this bill too. I am surprised to find that they are asking for so many powers. I wonder whether the committee gave consideration to all the powers sought and what reasons were assigned by the promoters for asking for the multiplicity of powers. I suggest that this is a kind of blanket affair. They want a great deal more than they ought to receive from this House of Commons. I merely point that out to the committee and to the Minister of Transport who is in his place at this time. I wonder whether he has taken cognizance of the tremendous powers asked for by this company. They have almost enough power to hang a man. I wonder whether his department has given consideration to that aspect of the bill and whether those considerations were in any degree considered by the committee on railways, canals and telegraph lines. In a nutshell, I think the powers asked for are too wide.

I am anxious to see this company have a bill passed that will enable them to operate aeroplane transportation, because this is private enterprise which I like to see encouraged in this country, and in which many of us still believe. I am sure the minister believes in it, too, if he would only allow himself to give self-expression.

I should like the promoter to explain the omnibus powers that are asked for in this bill.

Mr. POTTIER: The hon. member for York-Sunbury has asked for an explanation on the three objects of this bill. His first question has to do with paragraph (f) with regard to insurance.

Mr. HANSON (York-Sunbury): No; the first objection I had, if it can be called an objection, was to the power to carry on the business of omnibus proprietors and builders—paragraph (d) of section 7.

Mr. POTTIER: I take it, that that paragraph means they are asking for power to carry on that business in connection with air lines.

[Mr. R. B. Hanson.]

Mr. HANSON (York-Sunbury): No, that is not it.

Mr. GRAYDON: I am afraid the courts would not so interpret it.

Mr. POTTIER: That is the intention here. They wish power to carry on any business that would be connected with the carrying on of a successful air line. That is what they are asking here. That is what I take that paragraph to mean.

In so far as paragraph (f) is concerned, the insurance mentioned there is insurance of a kind connected with the operation which they are entitled to carry on; that is, to—

> . . . act as agents for accident, indemnity and all other kinds of insurance in connection with the operations which the company is entitled to carry on or in connection with similar operations carried on by other companies, firms or persons.

I take that to be insurance connected with the business of air lines?

Mr. HANSON (York-Sunbury): That is a fair interpretation.

Mr. POTTIER: I think the next objection of the hon. member for York-Sunbury was to stock jobbing. I do not think there is any power under paragraph (f) to do any stock jobbing. I take that to be paragraph (j).

Mr. HANSON (York-Sunbury): There is no limit in the section to what they can do.

Mr. POTTIER: I do not think the company has the power implied by the hon. member for York-Sunbury.

Mr. HANSON (York-Sunbury): I submit that paragraph (d) of section 7 is an alternative power to paragraphs (a), (b) and (c), and under any proper statutory interpretation is in no way connected with the business of aeroplane passage. That is not so true with respect to paragraph (f) of section 7. That paragraph expressly provides that in connection with the business of the company, the company may act as agent. Of course I think that is an appurtenance of the business of carrying on an aeroplane company and I would not have so much objection to that.

Mr. HAZEN: That is the omnibus business too.

Mr. HANSON (York-Sunbury): But in connection with paragraphs (h), (i) and (j), I suggest these are pretty large powers. I never saw them given to a joint stock company in just this language, and I doubt if they can get it under the Companies Act of Canada or of any of the other provinces. It seems to me that the draftsman who prepared this bill must have had something in his mind when

he asked for all these rather extraordinary powers to deal with the distribution and capitalization among the shareholders of undivided profits and the reserves by assigning shares to the shareholders holding shares pro rata and so forth. That part could obviously be under the Joint Stock Companies Act, but certainly I do not think this company needs to have a bus franchise and to be a bus company because the same people now have a bus company that almost covers the province of New Brunswick. S.M.T. Limited is controlled by the same interests.

These are the main objections I would have and perhaps the only ones. The borrowing powers in section 8 and the ancillary and incidental powers in section 9, I have no objection to at all. If the committee desires to pass this bill as it is I am satisfied, but I think I should point these things out to the committee.

Mr. GRAYDON: I do not think the hon. member who is sponsoring this bill has made out a very good case in respect of section 7. I should like to ask the hon. member if in the committee stage of the bill the powers to be conferred on this company by this legislation as contained in paragraph (d) namely, to carry on the business of omnibus proprietors and builders, were discussed, and, if so, what decision was arrived at and what were the reasons given by the committee for arriving at that decision. As pointed out by the hon. member for York-Sunbury, and very properly so, the powers asked for in paragraphs (a), (b), (c) and (d) are powers that are in no way limited to the ordinary aeroplane business. I take it that is the case in so far as paragraph (e) is concerned. It says: "for the better carrying on of the business of the company". Then there are several paragraphs which are limited and perhaps confined and restricted because they come within the business of the company, but so far as paragraph (d) is concerned that is in an entirely different category. If paragraph (d) passes and it means anything, it means that we are conferring upon this company the right to carry on the business of omnibus transportation, and I think the point should be further explained.

Mr. POTTIER: It would be incidental to their business, I should say, to operate a bus from the airport to some central point, and it seems a fair power to ask that they be able to operate a bus to carry passengers from an aerodrome to some central point in a town or city. As far as I know there is no intention of going beyond that.

Mr. GRAYDON: If that were done under paragraph (e) I do not think there would be any real objection, because then it would be within the confines of the comapny's own business.

Mr. POTTIER: If that is the only objection of the leader of the opposition I would not mind if he moved an amendment making this a subparagraph under (e).

Mr. HANSON (York-Sunbury): Would the hon. member tell us if those powers were discussed in the railway committee?

Mr. POTTIER: Yes.

Mr. HANSON (York-Sunbury): Was there any discussion with respect to (d), and what was the explanation of the promoter or his agents?

Mr. POTTIER: There was no particular discussion of paragraph (d) before the standing committee on railways, canals and telegraph lines. There was a general discussion of the powers asked for in the bill, and the agents of the incorporators, who were there, offered to answer any question; but there was no particular discussion of (d).

Mr. HANSON (York-Sunbury): Was the bill read to the committee, or was it just called section by section? This paragraph (d) is not limited to bus transportation within the business of the company. This is a federal charter and it gives them the right to operate omnibus service anywhere in Canada. You can get that right under provincial companies acts, and you cannot run on the highways without a licence from the provincial government, but this gives the company the right to operate interprovincial bus traffic. Did it ever occur to the committee to investigate that point and ask why this power should be requested?

Mr. POTTIER: This is merely incidental, I may tell my hon. friend.

Mr. HANSON (York-Sunbury): If my hon. friend will pardon me, I suggest that on a proper construction of this section 7, paragraphs (a), (b), (c) and (d) are distinctly operating powers. They may be nothing but omnibus proprietors and builders which, under provincial jurisdiction, carries with it the right to use the highways. However, I am not going to say anything more about it; if the house is willing to put through legislation of this kind I am satisfied.

Mr. HOWE: Just to shorten the discussion, may I say that this bill does not give the company the right to operate anything. It is an application to incorporate a company. Ordinarily applications for the incorporation of companies are granted freely by the govern-

ment, provided that they comply with the dominion Companies Act. I believe I am responsible for recommending to the government that in connection with companies seeking incorporation to operate air lines the approval of this House of Commons should be obtained. I did so for one reason. A year or eighteen months ago, at a time when it was impossible to operate any air line company owing to the fact that no equipment could be obtained and no gasoline could be allowed, the Secretary of State was being flooded with applications for the incorporation of companies to operate air lines, with titles that were most comprehensive. One that I recall was the Canada-West Indies Air Line company; another was the Canada-North Atlantic Air Line company, and I could name several more. At that time the government had not announced its policy dealing with the operation of air services. It was quite obvious, or at least it seemed to me quite possible, that those desiring the incorporation of companies with names such as I have mentioned intended to trade on the name of the company as an asset, which seemed to me quite improper. Therefore I asked council to require that the approval of this house be obtained in connection with the incorporation of any air line company. My thought was that those desiring incorporation should come before the committee on railways, canals and telegraph lines and explain why they wanted to incorporate a company, and give hon. members any explanations that might be required. I would point out that, had the government not taken that step, this company could have gone to the Secretary of State and been incorporated with any powers the incorporators wished to include in the bill.

Mr. HANSON (York-Sunbury): Only those coming within the statute.

Mr. HOWE: Yes, within the statute. I may add, however, that under the declared policy of the government it will be quite impossible for this company to operate an air line and also a bus line. That is expressly prohibited by legislation which has been placed on the order paper; and unless the incorporators can satisfy the government that they intend to operate within declared government policy, they will not be assigned a route over which they may operate. I should like to make it clear that this bill gives the company no permission to operate anything.

Mr. HANSON (York-Sunbury): I take issue with that statement. It is quite true that the bill in itself will not entitle this company to operate aeroplane transportation.

Mr. HOWE: Nor bus lines.

[Mr. R. B. Hanson.]

Mr. HANSON (York-Sunbury): Well, would the minister produce any order in council that prevents the incorporation of a company to operate interprovincial bus lines? I assure him it is a fact that under provincial legislation a bus company may be incorporated to operate bus lines within a province. It is true in my province, and I assume it is true in all the other provinces. That may not and probably does not mean that they can operate interprovincial traffic, because when they go beyond the confines of one province according to my view of the law they come within the jurisdiction of the federal parliament; that is to say, with respect to transportation between the provinces. I am asking the minister now if there is an order in council passed under the provisions of the War Measures Act, which prevents a company from getting a federal charter under the Companies Act, without coming to parliament. Has an order in council been passed of the same nature as that relating to aeroplane companies? I am just asking that for information. The minister shakes his head; I take it for granted that such an order in council has not been passed.

Mr. HOWE: If a company wished to get a federal charter to operate bus lines, I suppose it could do so without coming to parliament, but if the company wanted to operate in more than one province it would have to satisfy each province, and also obtain operating rights from each province, in which case it would hardly need dominion incorporation to operate across provincial boundaries.

Mr. HANSON (York-Sunbury): Well, they would be under the jurisdiction of the board of transport commissioners with regard to rates and that sort of thing. It is quite true that you cannot operate on the highways of a province without a licence from the government of that province, even if you have a dominion charter. So that when the minister made the sweeping statement he did make, that this company could not operate anything, I think on reflection he will agree that that was just a little too large an order. I agree with him, entirely, that as the law now stands this company could not operate air lines transportation, without much more. However, I am not going into that.

Nor do I wish to be misunderstood. I am anxious that this company should have a charter to operate aeroplanes. They can then fight their way through to a satisfactory conclusion. But I think the powers they have asked for are too wide. They can do almost anything, and I am rather astonished that hon.

members in this house, who have legal minds, have not been aroused. Just read over the powers as to how they can switch these shares, or reserves, or undivided profits. I thought those days were pretty well over in Canada; I imagine they would meet with a good deal of trouble from the income tax division.

However, I am not going to hold up the bill, nor did I ever intend to. But I really am astonished at the magnitude of the powers asked for to operate an aeroplane transportation company, and I think my duty is done in pointing out these facts to parliament.

Mr. MACDONALD (Kingston City): I think the hon. member will find, upon reading section 10, that the powers of the company are cut down considerably by that section.

Mr. HANSON (York-Sunbury): That probably is true.

Mr. MACDONALD (Kingston City): They can do only such things as the Aeronautics Act and the Transportation Act allow them to do. So that that cuts down considerably what they can do.

Mr. HANSON (York-Sunbury): Yes; that is an overriding restriction; but it is not all-inclusive.

Mr. KNOWLES: The Minister of Munitions and Supply (Mr. Howe) said a moment ago that, if passed, this bill would give the company no power to operate anything. I take it that in a sense what he has said is correct. Yet, if that is so I do not understand why the hon. member for Shelburne-Yarmouth-Clare bothers to introduce the bill.

Mr. HOWE: He wishes to incorporate a company; that is all.

Mr. KNOWLES: It seems to me that if the incorporation of the company is granted by the bill, and the company starts in to sell shares and get itself organized, it will be in a position to do things contrary to the policies laid down by the minister when he spoke on March 17. I refer in particular to what he said on that date. He said that one reason for halting expansion was that the young men who should have a prominent part in any such expansion are overseas on combat duty.

Mr. HANSON (York-Sunbury): What about these men; they were all overseas?

Mr. KNOWLES: On the other hand the minister pointed out it was not too early to plan for orderly and rapid expansion of our domestic aviation. I wholly agree with the two statements the minister made on that occasion. I am wondering whether the incorporation of this company does not give them certain powers, and give them the right to get started, to sell their shares, and actually vitiate the two principles the minister laid down. I particularly emphasize the minister's suggestion that the expansion of our air services should be on an orderly basis.

I do not agree with the hon. member for York-Sunbury, that the way to achieve orderly expansion is to go on giving wide-open privileges to private enterprise. It seems to me that, to be consistent with the position he took on March 17, the Minister of Munitions and Supply should oppose the passing of this bill.

Mr. NOSEWORTHY: I was going to remark that in view of the fact that the house has not yet had an opportunity of considering legislation of a similar class to be brought down by the minister, namely, that of setting up a transport board for aviation, and other legislation pertinent to the working out of the government's policy, it is premature to ask hon. members to support this measure. I would favour withholding support of the bill until such time as government legislation in the field of aviation has come before the house, and until we have had an opportunity of understanding it.

Mr. HANSON (York-Sunbury): In justice to the promoters of the bill, I would say that the five names mentioned in section 1 meet 100 per cent the suggestion made that returned men are to be given opportunities to operate aeroplane companies—men returned from the last war. I know all these men, with one exception. Mr. Rogers has to his credit in the last war the destruction of eleven German aircraft. Mr. Ritchie was a gallant soldier in the last war, and up to a recent date rendered yeoman service in this war in organizing the army in military district No. 7. Mr. Bell is a personal friend of mine; and he, too, had a most creditable war record. Mr. Kenneth C. Irving, who will be head of the company, also had a fine record in the last war. I do not know Mr. Hodgins personally, but I am informed that he, too, is a veteran of the last war. So that these men qualify 100 per cent for the minister's definition—although I do not suppose the minister thinks that anyone who is a non-soldier should not be allowed to be engaged in the aeroplane business.

I say this in justice to these men. I am anxious to see the bill go through, but I submit that the powers they have asked for are really beyond reason, for an aeroplane transportation company.

Section agreed to.

Sections 8 and 9 agreed to.

On section 10—Limitations.

Mr. KNOWLES: Was this section not amended? Would the Chairman read the section as amended?

The CHAIRMAN: It states:

10. The operation of the company shall be carried on throughout the Dominion of Canada and elsewhere and shall be subject to the provisions of the Aeronautics Act, chapter 3 of the revised Statutes of Canada, 1927, and of the Transport Act, 1938, chapter 53 of the statutes of 1938, and amendments thereto.

Mr. KNOWLES: What is the amendment?

Mr. MACDONALD (Kingston City): It consists in the addition of the words "and amendments thereto."

The CHAIRMAN: Yes; those three words constitute the amendment.

Section agreed to.

Bill reported, read the third time and passed.

THEODORE ZALOPANY

Mr. R. W. GRAY (Lambton West) moved the second reading of bill No. 10, for the relief of Theodore Zalopany.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I desire to protest once more against this legislation. It is being disposed of quickly, but there is no reason why the Senate and the House of Commons should pay any attention to legislation of this kind. It represents some work to examine these cases in committee and investigate them, but most of the records are disgraceful and it is unfortunate that such evidence is published by the king's printer. I hope that the time will come when these bills do not appear on the order paper of this house. If the other house enjoys listening to cases like this, that is their business, but I think we should dispense with this type of legislation. There should be another type of legislation which would not require to be passed by the House of Commons, only by the Senate, and which would not appear on our order paper.

Motion agreed to and bill read the second time.

SECOND READINGS—SENATE BILLS

Bill No. 11, for the relief of Thelma Alice Warren Whittet.—Mr. Fulford.

Bill No. 12, for the relief of Ethel Sangster Muir.—Mr. Factor.

Bill No. 13, for the relief of Kiril John Christo.—Mr. Gray.

Bill No. 14, for the relief of Helaine Ethel Leopold Lax.—Mr. McIlraith.

[Mr. R. B. Hanson.]

Bill No. 15, for the relief of Cecil Benjamin Pomeroy.—Mr. McIlraith.

Bill No. 16, for the relief of Pinnie Rosenhek Leopold.—Mr. Casselman (Grenville-Dundas).

Bill No. 17, for the relief of Paul Sanson White.—Mr. Fulford.

Bill No. 18, for the relief of Mary Hope Beers Ross.—Mr. McIlraith.

Bill No. 19, for the relief of Wasyl Usypchuk, otherwise known as William Usypchuk.—Mr. Factor.

Bill No. 20, for the relief of Walter Stanley Spencer.—Mr. Fulford.

Bill No. 21, for the relief of Emma Gertrude Groves Morris.—Mr. Hill.

Bill No. 22, for the relief of Gertrude Margaret Amy Ogilvie.—Mr. Hazen.

Bill No. 23, for the relief of Myrtle Josephine Teel Odell.—Mr. Emmerson.

Bill No. 24, for the relief of Marjorie Helen Parker Leduc.—Mr. Boucher.

Bill No. 25, for the relief of Margaret Derry Kirby.—Mr. Boucher.

Bill No. 26, for the relief of George Thomas Bragger.—Mr. Hill.

Bill No. 27, for the relief of Freda Watson Norman Daniels.—Mr. Emmerson.

Bill No. 28, for the relief of Iris Mabel Dash Wilkinson.—Mr. Hill.

Bill No. 29, for the relief of Joseph Ulric Edouard Burns.—Mr. Hill.

Bill No. 30, for the relief of Thomas Henry Dwyer.—Mr. MacInnis.

Bill No. 31, for the relief of Elsie Margaret Ormandy Henderson.—Mr. Boucher.

Bill No. 32, for the relief of Arthur Charles Duffy.—Mr. Gray.

Bill No. 33, for the relief of Kathleen Edna Ellis Wainwright.—Mr. Hill.

Bill No. 34, for the relief of Diana Lenore Carsley Tenenhouse.—Mr. Gray.

Bill No. 42, for the relief of Charlotte Muriel Wright.—Mr. Stokes.

Bill No. 43, for the relief of Sarah Carmichael Hay Johnston.—Mr. Emmerson.

Bill No. 44, for the relief of Margaret Georgina Isabel Townsend Mansfield.—Mr. Emmerson.

Bill No. 45, for the relief of Pasquale Di Guglielmo.—Mr. Hazen.

Bill No. 46, for the relief of Theodora B. Ostlund Fruitier.—Mr. Fulford.

Bill No. 47, for the relief of Erna Warthold Langlois.—Mr. Hill.

Bill No. 48, for the relief of Ruth Steinwold Lauer.—Mr. MacInnis.

Bill No. 49, for the relief of George Hodgson Fisher.—Mr. McIlraith.

Bill No. 50, for the relief of Molly Gurevitch Gladman.—Mr. Factor.

Bill No. 51, for the relief of Goldie Anker Lazanik.—Mr. Boucher.

Bill No. 55, for the relief of Julia Menard Mills.—Mr. Hill.

Bill No. 56, for the relief of Vera Esteri Seppala Vuorimies.—Mr. Hill.

Bill No. 57, for the relief of Violet Magdalen Johnson Overall.—Mr. Hazen.

Bill No. 58, for the relief of Adélard Bélanger.—Mr. Hill.

Bill No. 59, for the relief of Edna Lyall Burgess Lambert.—Mr. Boucher.

Bill No. 60, for the relief of Barbara Hellen Smith Dodds.—Mr. McIlraith.

Bill No. 61, for the relief of Ellen Margaret Doris Sheehan Décary.—Mr. McIlraith.

Bill No. 62, for the relief of Kathleen O'Raw Major.—Mr. Fulford.

Bill No. 63, for the relief of Vernon Oswald Marquez.—Mr. Fulford.

Bill No. 66, for the relief of Wilson Allan Martin.—Mr. Fulford.

Bill No. 67, for the relief of Victoria May Larkin Kirkcaldy.—Mr. Casselman (Grenville-Dundas).

Bill No. 68, for the relief of Nellie Blinkhorn Cowie.—Mr. MacInnis.

Bill No. 69, for the relief of William Mace.—Mr. Casselman (Grenville-Dundas).

Bill No. 70, for the relief of Pauline Hislop Ralph.—Mr. Casselman (Grenville-Dundas.

Bill No. 71, for the relief of Ethel Mary Moffatt Shaw.—Mr. Whitman.

Bill No. 72, for the relief of Alfreda Elsie Hatch Carpenter.—Mr. MacInnis.

Bill No. 73, for the relief of Rachel Segal Kaparofsky.—Mr. Factor.

Bill No. 74, for the relief of Paul Lapointe.—Mr. Factor.

Bill No. 75, for the relief of Vera Grace Percy Moore.—Mr. Factor.

Bill No. 76, for the relief of Jean Fernand Georges Robitaille.—Mr. MacInnis.

Bill No. 77, for the relief of Marie Stella Gisele Payette MacRae.—Mr. Gray.

Bill No. 78, for the relief of Horace Henry Chapman.—Mr. Hazen.

Bill No. 79, for the relief of Florence Berger Bassin.—Mr. Casselman (Grenville-Dundas).

Bill No. 80, for the relief of Roland Edouard Levert.—Mr. Macdonald (Brantford City).

Bill No. 81, for the relief of Alice Robert Rajotte.—Mr. Hill.

Bill No. 96, for the relief of William Cowie.—Mr. Hill.

Bill No. 97, for the relief of Nita Marjorie Hammerich Ward.—Mr. Casselman (Grenville-Dundas).

Bill No. 98, for the relief of Margaret Kirsen Brown MacRae.—Mr. Casselman (Grenville-Dundas).

Bill No. 99, for the relief of Margaretha Bernhard Cronauer.—Mr. Macdonald (Brantford City).

Bill No. 100, for the relief of Henry Rattigan.—Mr. Fulford.

Bill No. 103, for the relief of Margaret Millar Short.—Mr. McIlraith.

Bill No. 104, for the relief of Mary Annesley Iverson.—Mr. Factor.

Bill No. 105, for the relief of Annie Drewniak Sonberg.—Mr. Macdonald (Brantford City).

Bill No. 106, for the relief of Celia Zlatkes Azeff.—Mr. McIlraith.

Bill No. 107, for the relief of Louisa O'Tool Shelley.—Mr. Factor.

Bill No. 108, for the relief of Miriam Schwartz Silcoff.—Mr. Macdonald (Brantford City).

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 88 respecting The Kettle Valley Railway Company.—Mr. Stirling.

Bill No. 102, respecting Vancouver, Victoria and Eastern Railway and Navigation Company, The Nelson and Fort Sheppard Railway Company and Great Northern Railway Company.—Mr. Reid.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed consideration in committee of a resolution to grant to His Majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

TRADE AND COMMERCE

Export permit branch, administration, $153,805.

Mr. PERLEY: When the committee took recess at six o'clock the minister was about to give some information with respect to the number of export permits that had been refused and why they were refused. While he is giving us that information, perhaps he could also tell us who comprise this shipping board.

Mr. MacKINNON (Edmonton West): We are dealing with the export permit branch, not the shipping board.

Mr. PERLEY: The minister was going to give us information with respect to the permits that had been refused.

Mr. MacKINNON (Edmonton West): We have not in Ottawa the number of export permits that have been refused. I can get that information and give it later to the hon. member or submit it in any other way.

Mr. HANSON (York-Sunbury): Where does the branch operate?

Mr. MacKINNON (Edmonton West): In Ottawa. I made a mistake in using the words "in Ottawa".

Mr. PERLEY: How many export permits have been issued for grain from the western provinces to the United States direct, not through lake shippers?

Mr. MacKINNON (Edmonton West): No permits are required for the export of No. 1, 2 or 3 northern wheat, and those are the grades that are being exported.

Mr. PERLEY: What about feed wheat?

Mr. MacKINNON (Edmonton West): The export of feed wheat requires a permit.

Mr. PERLEY: How many were issued?

Mr. MacKINNON (Edmonton West): I have not that information here, but possibly I can get it.

Mr. HANSON (York-Sunbury): How many commodities require export permits, and what are they?

Mr. MacKINNON (Edmonton West): Practically everything.

Mr. HANSON (York-Sunbury): That is what I thought. Has anything been overlooked? A man cannot even export his wife.

Mr. NOSEWORTHY: In connection with what countries are export permits required?

Mr. MacKINNON (Edmonton West): All countries with which we do business.

Mr. HANSON (York-Sunbury): That is a most illuminating answer.

Mr. MacKINNON (Edmonton West): It is comprehensive.

Mr. HANSON (York-Sunbury): It is intended to conceal. Name the countries.

Mr. MacKINNON (Edmonton West): If I understand the hon. member correctly, he is asking about shipments to other countries, and he wants me to name the countries with which we do business and in connection with which export permits are required. I said, all countries with which we do business. That is a comprehensive answer. I cannot give any other answer unless I itemize them. I could start in with the countries on this hemisphere, then take the United Kingdom, Australia and various other countries of the world.

Mr. HANSON (York-Sunbury): That is the answer; the American countries and certain others. That is a reasonable request.

Mr. PERLEY: I asked for the number that had been refused and this afternoon the minister referred to this matter himself. In his departmental report it states that export permits were refused because of unsatisfactory consignees or destinations. Surely he can give us the number which have been refused this year, and to what countries. He gave the number for last year.

Mr. MacKINNON (Edmonton West): The figure referred to by the hon. member covers export permits that were refused during the year ending March, 1943.

Mr. PERLEY: That is the last report we have.

Mr. MacKINNON (Edmonton West): Those are the figures to which the hon. member is now referring. I have not the figures as to the number of export permits refused for the year ending March 31, 1944.

Mr. PERLEY: The minister stated this afternoon that 99,153 applications for export permits had been granted, and I was wondering why he could not give us the number that had been refused.

Mr. MacKINNON (Edmonton West): I have not that information here. My hon. friend wanted to know the personnel of the export control committee. They are as follows: Mr. Mallory, of the Department of Trade and Commerce, is chairman of the committee, and the other members are Mr. Adams, of the foreign exchange control board, Mr. English of the Department of Trade and Commerce, Mr. Angus, of the Department of External Affairs, Mr. Geddes of the wartime prices and trade board, Mr. Taylor and Mr. Sproule of the wartime industries control board.

Mr. PERLEY: The committee must have been enlarged considerably since 1943, because the last report shows the salaries and that there were not nearly as many employed in 1943.

Mr. MacKINNON (Edmonton West): There are no salaries paid to the members of the committee.

Mr. HANSON (York-Sunbury): They are all civil servants?

Mr. MacKINNON (Edmonton West): Yes.

Mr. PERLEY: What salaries will be paid out of this vote?

Mr. MacKINNON (Edmonton West): We are asking for $105,420 for 1944-45 salaries.

Mr. PERLEY: That is a considerable increase over last year.

Mr. MacKINNON (Edmonton West): An increase of $6,270.

Mr. PERLEY: The last report of the auditor general shows $65,907 for salaries.

Mr. MacKINNON (Edmonton West): I believe that is two years old.

Mr. PERLEY: That is just another evidence of how difficult it is to get information with respect to the minister's department. I have here, for instance, a report on the grain business in Canada, dealing with the 1942 crop. That is two years old. We are approaching the 1943-44 crop, but we have no report more recent than this one which is two years old. The minister now says that the auditor general's report is two years old in giving the salaries. How can we make comparisons if we do not know what was paid for salaries last year?

Mr. MacKINNON (Edmonton West): The salaries paid last year amounted to $99,150, and we are asking for an increase this year of $6,270.

Mr. HANSON (York-Sunbury): What is the basis or what are the bases upon which export permits are granted or refused? What is the policy and who decides the policy? Does this export permit board decide it, or is it a matter of government policy in a given case or with respect to a given commodity?

Mr. MacKINNON (Edmonton West): I gave that information this afternoon. It considers applications for export permits and refuses or grants after consultation with the various administrators and controllers. Members of the committee will understand that we are the machinery through which these export permits are handled. Representations are made to us by other departments of government and by controllers and administrators, and the applications are then refused or approved.

Mr. HANSON (York-Sunbury): Then it is not purely an administrative body but a body with judicial functions. But it is not an entirely independent body. Its deliberations and its decisions are based upon the representations that may be made to it not only by applicants for export permits but by the controllers and what not set up by the government. I have in mind the export of seed potatoes within a few weeks. Some of these boards are given pretty wide powers. Do they ever consult the minister in a given case?

Mr. MacKINNON (Edmonton West): Oh, yes.

Mr. HANSON (York-Sunbury): In all cases?

Mr. MacKINNON (Edmonton West): Not in all cases.

Mr. HANSON (York-Sunbury): In how many?

Mr. MacKINNON (Edmonton West): It would be a fairly limited number.

Mr. HANSON (York-Sunbury): So that the control of the export trade of this country through the issue of export permits is in the hands of a group of civil servants and the government has ceased to function as such.

Mr. MacKINNON (Edmonton West): Oh, no.

Mr. HANSON (York-Sunbury): That is what it comes to. They have fairly wide powers. I know of one particular case where seed potatoes were required very badly by our neighbours to the south. We were anxious to get in there in peace time. We would have given anything to establish a trade with the southern states in our seed potatoes from New Brunswick. But there was always considerable difficulty in getting a permit. I must say that in the case I had in point for one of my colleagues the board were very decent indeed when the facts were placed before them, and the permit was issued. But that is not always the case. Very wide powers are being given to these boards, and I am just wondering whether it is wise for the country to vest such wide powers in a group of civil servants, who, after all, are not business men. Not one of them could be called a business man.

Mr. MacKINNON (Edmonton West): The export permit board does not take it upon itself to decide these matters without being guided largely by the administrators and controllers and, in the case of food products, by the advice of the Department of Agriculture. As I said before, the board is largely the administrative machinery.

Mr. HANSON (York-Sunbury): The board then can of its own powers grant or refuse a permit, notwithstanding the representations that may be made against such a course by some of these controllers or administrators?

Mr. MacKINNON (Edmonton West): That would be possible.

Mr. HANSON (York-Sunbury): I imagine the regulations are wide enough and extensive enough for that.

Mr. MacKINNON (Edmonton West): I would say so.

Mr. HANSON (York-Sunbury): Here is a board that is exercising judicial functions, and there is discretion in the board. As I under-

stand the minister, the board is not entirely bound by the representations that may be made either by the applicant or by others concerned. So that it must be exercising a judicial discretion and can of its own motion overrule the representations made to it. Is that a fact?

Mr. MacKINNON (Edmonton West): It can, but almost invariably it follows the advice given to it by the administrators.

Mr. ROSS (St. Paul's): Has there been any increase in the number of permits granted over last year and over the year before that? What are the figures for last year and the year before? How long does it take to have an export permit issued after it has been applied for?

Mr. MacKINNON (Edmonton West): It depends entirely on the commodity. Some can be granted in a matter of hours. Some may take a day or two or a little longer.

Mr. HANSON (York-Sunbury): How many applications were refused in the last fiscal year and what were the commodities? I think the minister ought to have that information here.

Mr. MacKINNON (Edmonton West): I shall be glad to get that information.

Mr. ROSS (St. Paul's): The minister did not answer my question. How many permits were issued last year and the year before and was there an increase over the year previous? Is it the policy at the present time to increase as much as possible the number of export permits granted, in order to increase our external trade?

Mr. MacKINNON (Edmonton West): I have not the exact figures, but there has been a substantial increase in the number of permits granted this year over last year. We are guided to a very large extent by the administrator. One reason why the board operates under the Department of Trade and Commerce is that the department is necessarily anxious to promote trade and business in every way and our approach to the matter of granting export permits is a sympathetic one.

Mr. ROSS (St. Paul's): Does the minister feel that everything possible is being done to grant these permits?

Mr. MacKINNON (Edmonton West): Yes.

Mr. ROSS (St. Paul's): Is it the policy of the department to increase trade, and does the minister review from time to time the refusals to grant permits so as to see how matters line up? What responsibility does he take for refusal of permits?

Mr. MacKINNON (Edmonton West): Any refusal is referred to the board for review. That does not come to me except in the odd case. A question was asked about the actual number of permits issued in 1942-43 and 1943-44. They are respectively: 87,400 and 99,153.

Mr. POULIOT: I desire to praise the minister for having said not long ago that we shall need a large number of ships for our trade after the war. Canada is an exporting nation and we shall have to find ships to convey our goods to all countries of the world. We shall need aeroplanes also and all other means of transport, and I hope there will be true collaboration and cooperation between the Minister of Trade and Commerce, the Minister of Agriculture and the Minister of Transport in order that our trade may be the largest after the war and, if possible, before the end of the war. The minister has men who are well trained in several commercial observation posts in all the countries that are not occupied by the enemy. But may I tell him this—and I want him to listen closely to what I tell him now, and not be disturbed by anyone while I am addressing the Chair on a matter like this. I say that we should have commercial independence in Canada. I am not for the political independence of Canada now.

Mr. HANSON (York-Sunbury: Not yet.

Mr. POULIOT: I will ask the hon. member for York-Sunbury not to try to be a mind-reader, because we shall put a fez on his head if he does—and something else. We have to be commercially independent, and if we go to South America as little brothers of big Uncle Sam we shall not be as well received as if we went there as Canadians, as citizens of a great and proud country. If we are under the tutelage of British ambassadors, ministers and consuls; if our commercial agents are not independent of them, in order to compete with them in trade, then our export trade will be a fiasco. I should like every serious-minded business man in the country to hear what is said now. If they want progress in trade; if they want to be successful in implanting their trade in other countries, next to British trade agents or Chinese trade agents or African trade agents, or any others, they must be entirely free. I thought it was a great mistake when the Prime Minister announced the appointment of a Canadian consul general in New York and when he said that this official would work in cooperation with the British embassy. That was all wrong. Why? Because the duty of the Minister of Trade and Commerce is to see to it that all Canadian traders compete with the traders of any other nation of the world. I want the

minister to remember this because I speak to him as friend to friend and I know that he means well—

Mr. HANSON (York-Sunbury): Beware of the Greeks.

Mr. POULIOT: —and I know he is an able minister, a much abler minister than the last one in the Bennett cabinet. I say that with full knowledge and I appreciate the applause of the committee as I say that. It is true. I do not say the other one meant badly, but I say that the minister we have now is much more competent than the one that was in charge at that time, and this I say because his predecessor, who may be illustrious in other ways, had no broad vision of trade such as the present one has. That is why I think it is so important that, instead of restrictions being applied by the export permit board or any other board, every facility should be given to red-blooded Canadians to export to other countries all the goods that are not required in this country for consumption. They must rely on the constant assistance of the Department of Trade and Commerce, and then it will not be for us to go after any other country for trade protection. We have ships. We have a fine merchant marine. We have been told that our navy has expanded considerably for the protection of our trade routes, and we shall have powerful rivals. I would ask hon. gentlemen to keep the peace for a moment. If they want to chatter, they should not sing a hymn too loudly.

I will say another thing to the minister. Not so long ago I read in the press that at the conclusion of the war or perhaps at the end of this year the merchant marine of the United States will comprise fifty thousand vessels and will be as large as all the combined merchant marines of the world. It is possible for Canadian shippers to ship their produce and goods on foreign vessels or on vessels of other countries, but it is also important that Canadian vessels be registered in Canada instead of in some other country. It is colonial to register Canadian ships in London, New York or anywhere else. It means that the owners of those ships are not sure enough of themselves to take advantage of our legislation to give credit to Canada for the vessels that are owned in Canada. I hope that the minister will not forget those observations too quickly; that he will remember them, and that since he has not the same turn of mind he will not give false interpretations to what I said as his illustrious predecessors did in other ways.

I should like to say a few words with regard to one other matter. This matter is not of the same importance as general trade trends and conditions. It is very difficult to get information about export permits for charcoal. There is a way of shipping charcoal in the United States and I am told that charcoal absorbs water. It is known by the exporters that some water is poured on charcoal to make it heavier and they receive a better weight. That is just as ingenious as the plans of the great Archimedes. It is apparent they must have studied physics, but they are not honest with the consignee. I will not give names below, but I shall give them later to the minister, and I shall ask him to make an investigation in due course so that the patrons of those shippers will not be deceived as to the weight of the shipment. I thank the committee for listening so generously to the few remarks which I have made, and which I made in order to promote Canadian trade and to try to relieve us of all inferiority complexes in matters that are so vital to the future of this country.

Mr. MARSHALL: I wish to make one brief remark with respect to the export permit branch which was set up in 1941. Paragraph 2 on page 5 of the deputy minister's report is rather difficult to follow. We are told in that paragraph that 95,000 applications were received. Of those 95,000, 3,150 were refused. That would bring the total down to 91,850; yet we are told that only 87,400 permits were issued. I should like to know what happened to the 4,450. We are told that of that 87,450, 75,488 carry a $2 licence fee. Seventy-five thousand permits at $2 is $150,000; yet we are told a net revenue of $140,000 was produced. I think the minister should give an explanation of that particular paragraph, because it is not clear and may leave a wrong impression in the mind of the layman. It leaves a difficult impression in my own mind at the present time as to what it actually does mean.

Mr. MacKINNON (Edmonton West): In answer to the hon. member for Camrose I would point out that out of 95,000 applications for export permits, 3,150 were refused on the advice of the administrators or controllers because of the supply situation in Canada; but in addition to that a substantial number were refused by the export board itself, for purposes of economic warfare.

Mr. MARSHALL: Who refused the 3,150?

Mr. MacKINNON (Edmonton West): They were refused on the advice of the administrators or controllers.

Mr. MARSHALL: Therefore in reality, instead of only 3,150 applications being refused, 7,600 were refused.

Mr. MacKINNON (Edmonton West): Yes; the remainder were refused for other reasons: For example, people on the black list or supplies for countries like Spain and Portugal where there might be a danger of the goods reaching undesirable destinations

Mr. MARSHALL: What permits could be refused by the administrator or controller? Who had the power to cancel such permits? Is that entirely in the hands of the minister himself?

Mr. MacKINNON (Edmonton West): The refusal of those permits on the grounds of economic warfare is in the hands of the export board itself.

The hon. member pointed to the seeming discrepancy in the fees. The amount shown simply by multiplying the number of permits granted by the $2 fee does not take into account the rebates that were made later.

Mr. MARSHALL: Would the minister enlarge on that?

Mr. MacKINNON (Edmonton West): Then permits under $100 do not require a $2 fee.

Mr. MARSHALL: How many were there for goods under $100 that would not carry the $2 fee?

Mr. MacKINNON (Edmonton West): There would be a large number. We have not the figures at the moment, but they would be substantial.

Mr. MARSHALL: Might I have those figures?

Mr. MacKINNON (Edmonton West): Yes; I shall be glad to get them for the hon. member.

Mr. MARSHALL: When may we have an opportunity to discuss the board recently set up under the direction of the Minister of Trade and Commerce by order in council P.C. 70 of January 31 last, known as the Canadian export board? Evidently there is no vote here covering the operations of this board; yet according to the *Commercial Intelligence Journal* for February 12, for the purposes of this board it will be provided with a revolving credit, adjustable as experience demands, to provide adequate working capital. Shall we have an opportunity of discussing the establishment of this board, its operation and the amount of capital that has been set aside for it for the next twelve months, and when may we have that opportunity?

Mr. MacKINNON (Edmonton West): It might be well for me to make a short statement in that connection at this time. There is no vote under discussion covering this particular item. This board was not set up until January 31, 1944, and it was therefore too late to be included in the printed estimates. While there is no item under discussion, I am pleased to be able to tell hon. members of the committee some of the purposes of the board.

A number of overseas governments, for a variety of reasons, have insisted that imports into their countries must be effected by government agencies, and that import permits will not be issued for certain classes of goods. Procurement agencies have been set up in Ottawa by several governments, while others have their procurement agencies in the United States. The procurement of war supplies has been and continues to be done by the Department of Munitions and Supply. In the case of goods which are not strictly for use by the armed forces, however, it was felt that some other agency should be responsible for procurement. Even under this condition it was only after careful investigation had shown that orders were being placed elsewhere than in Canada that the Canadian export board was established by order in council P.C. 70, of January 31, 1944.

This board is acting as procurement agency for civilian goods for those countries which will not permit normal channels of trade to be used. Without the board, orders would be placed in other countries and Canada would lose valuable trade connections which would be difficult to regain for the post-war period. The export board also acts as one of the procurement agencies for the mutual aid board, handling goods which, although war supplies, are not actually munitions of war. There is, of course, close coordination between the export board and the Department of Munitions and Supply.

The export board operates on a non-profit basis and really functions as agent for overseas governments. Goods are furnished to other countries at the purchase price plus any additional charges which are necessarily incurred in completing the export transactions. The board is not competing with private enterprise and, in fact, is trying to divert business back to trade channels as and when conditions permit. When a request is received by the board from an overseas government, or from the mutual aid board administration, quotations are invited from all Canadian firms in a position to supply, or in accordance with any allocation which may have been established by the appropriate controller or administrator; thus normal trade channels and methods are utilized so far as possible.

Mr. MARSHALLL: One of the powers given to this board is to buy, sell, negotiate the purchase or sale of and engage in export trade in such commodities to such extent as the board may consider advisable. Does that mean the board can go into any part of Canada and buy these commodities, and then act as a sort of agent for the various companies in the sale of the commodities? For example, what work does it do in connection with agricultural products, let us say?

Mr. MacKINNON (Edmonton West): This board will not buy until it is actually in possession of a buying order from some other government. Then it goes out and purchases the goods for delivery to the other government. Practically it acts as an agent for the other government.

Mr. PERLEY: Then would the minister inform the committee how he deals with shipments for export under the mutual aid arrangement and, for instance, shipments of grain to Greece. Do the exporters require permits under the mutual aid arrangement, or does the government itself handle such shipments through some agency?

Mr. MacKINNON (Edmonton West): Under mutual aid they do not require export permits. In connection with shipments of wheat to Greece export permits are required.

Mr. PERLEY: Would the exporters secure that wheat from the wheat board and then get a permit to ship it; and would there be any commissions or brokerage fees charged on the grain?

Mr. MacKINNON (Edmonton West): I can answer that question now, or it can be dealt with later in connection with the export of wheat to Greece.

Mr. PERLEY: We might as well have it now; it will save us the necessity of asking the question again.

Mr. MacKINNON (Edmonton West): The wheat for export is furnished by the wheat board.

Mr. PERLEY: The exporters will have to get a permit from this board?

Mr. MacKINNON (Edmonton West): Yes, for that purpose.

Item agreed to.

Mr. RALSTON: I move that the committee rise, report progress and ask leave to sit again this day.

Progress reported.

SUPPLY

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

The CHAIRMAN: The official report of debates shows that during the previous sitting of the committee to-day the hon. member for Témiscouata used the following words in speaking about the senate:

> They have completely lost any sense of shame in the senate, and with the exception of two or three senators for whom I have the deepest admiration, I concur in what was said by the leader of the C.C.F. party as to the abolition of that body. . . .
>
> If they were willing to work, if they had enough initiative, they could help us, they could play the part that was allotted to them under our constitution. . . .
>
> The senate is a nonentity in parliament at the present time just on account of the unwillingness of the senators to do something while they are sitting there. . . .
>
> But they are like an anachronism . . . it is the realm of rolling chairs and railroading bills. . . .
>
> I would not be for the abolition of the senate if the senators were really up to the standard of days gone by. . . .
>
> Another is a gentleman who had fat contracts from the Department of Munitions and Supply for being the agent of Mr. MacMillan in the province of Quebec.

The hon. gentleman was asked to withdraw these offensive statements which are prohibited under standing order 41. He refused to give a full and unqualified explanation which can be considered as satisfactory or in keeping with the dignity of the house and the mutual respect that should exist between the Senate and the House of Commons. I must insist on an unqualified withdrawal.

Mr. POULIOT: Mr. Chairman, will you kindly let me see the quotations? In the first place, I may tell you that I have gone to the *Hansard* room and I have asked them not to change an iota of their notes, an iota in the transcription of their notes, which means that I did not want to interfere with the report of *Hansard*, but which is not an acceptation of the transcription of the notes of *Hansard* in full.

For instance, in the first quotation I am reported as having said, "They have completely lost any sense of shame in the senate." I never said that. I said, "They have completely lost any usefulness in the senate." And I said—

> And with the exception of two or three senators for whom I have the deepest admiration I concur in what was said by the leader of the C.C.F. party as to the abolition of that body.

That was said—the second part.

But, at page 3329, I am quoted as having said:

I would not infringe the rule by saying that the senate is useless.

This I said. And it is naturally connected to the first part of the sentence; and I hoped that it would have been in the mind of the touchy little Emily Post—and when I use that expression I do not mean the Chair at all. Then it goes on:

If they were willing to work; if they had enough initiative, they could help us; they could play the part that was allotted to them under our constitution.

In order to show my willingness to cooperate, I am ready to withdraw, "If they were willing to work"—that phrase—and the sentence would read:

If they had enough initiative they could help us; they could play the part that was allotted to them under our constitution.

I do not think that sentence, as corrected, is against the standing order that you quoted.

There is another sentence:

The senate is a nonentity in our parliament at the present time, just on account of the unwillingness of the senators to do something while they are sitting there.

This I have withdrawn, and I do not see why any member should be obliged to withdraw the same thing twice. I remember that on a previous occasion, when Mr. Bennett was Prime Minister, he forced me—he tried to force me to withdraw a second time a thing I already had withdrawn, for the sake of peace, and to show my spirit of cooperation, and what the Prime Minister calls good will. But I do not see why the torture should be imposed upon a member of parliament who says a thing like that, and who has to kneel down twice. I am sure, and I believe in your fairness you will agree that a statement withdrawn once must be settled forever, until it is repeated again. But when I had to do so it was in explaining a case. And it is not because I have read the record that I shall be forced a second time to withdraw.

Then:

But they are like an anachronism.

This was declared in order—or not out of order. Therefore I have nothing to withdraw here. Then:

It is the realm of rolling chairs and railroading bills.

I made a mistake here, and I confess it. After having seen the performance on divorce bills, it is not the Senate that is the realm of rolling chairs and railroading bills; it is the House of Commons. We passed I do not know how many bills in eight or ten minutes, but I was the only member to make any protest against them, although in many other instances other members have protested against them. But if we did not railroad bills to-night, then bills were never railroaded in parliament. Five pages of bills in five minutes—a page a minute; think of that! And in the senate they pass our bills over there, just the same as we pass their bills here. They are doing it just as fast. It is not railroading; it is the airways; it is the T.C.A., at 200 miles an hour.

"Of rolling chairs"—I withdraw it.

Then:

I would not be for the abolition of the senate if the senators were really up to the standard of days gone by.

I will substitute for it:

I would not be for the abolition of the senate if all the senators were really up to the standard of days gone by.

Then:

Another is a gentleman who had fat contracts from the Department of Munitions and Supply for being the agent of Mr. Macmillan in the province of Quebec.

Perhaps I did not express myself clearly enough. I did not have in mind any offensive remark against that gentleman personally. What I meant was that he was agent of Mr. Macmillan, and while he was agent of Mr. Macmillan he had huge contracts from the Department of Munitions and Supply. Afterwards I spoke of reward. By "reward" I meant a senatorship; and I would have said it if I had not been interrupted by the Minister of National Defence. I could not finish.

Further, I had something very fine to say about the fourth last appointee from the province of Quebec, Senator Lesage, who deserved an appointment to the senate, because he had been political organizer for the Liberal party for twenty-five years. And a man who had done that job for a quarter of a century deserves recognition. But I did not have an opportunity to say it. My remarks were cut right in the middle by someone who was exceedingly touchy. And it cannot be an insult to a man to say to him that he had big contracts from the department. And, mark you, there is something that is more important: I used the present tense in that case. I said:

One is a gentleman who has a fat salary.

This is present; it is not past.

Another is a gentleman who had—

And this is the record of *Hansard*—

—fat contracts from the Department of Munitions and Supply for being the agent of Mr. Macmillan in the province of Quebec. The third had no political background whatever.

I wish to relieve from your mind the idea that I thought of imputing any bad motive to Macmillan's agent, when I spoke of that. What I had in mind was that he had enough in having a big contract, and that there was no reason to appoint him to the senate to give him that reward, or anything. I did not use "award"; I used "reward". And I would have said, "For reward, a senatorship", if I had not been interrupted like that by the Minister of National Defence. I appreciate the compliment when he said that I knew the rules quite well. I do not pretend to be that good; that is an exaggeration.

To conclude I want to tell you, Mr. Chairman, that I abide by the rules; I abide by your decision, but at the same time I want to defend the rights of members of parliament. This is not a pink tearoom; this is the place where we have the right to discuss the business of the nation. I contend that if there is an item in the estimates which permits a discussion of everything that pertains to the senate, it is item 112 of the main estimates. I tell you that we live in a false atmosphere. I wonder if it is like that around the table at Barclay's bank. I have never been there and I shall never be there. We must talk like men, men who have a tremendous responsibility. This responsibility rests not only on the minister; the members of parliament have a responsibility as great if not greater, because they are the immediate representatives of the people. During the campaign through the west in 1941 the Prime Minister regretted that he had no direct contact with the people. We have.

When I speak here as a member of parliament there are things that I have the right to say, and I deny to any minister the right to interrupt me on a point of order and saying that I should not rise in my place. I have not the time to write my speeches because I have a voluminous correspondence to attend to. I speak extemporaneously; I do not speak for the students and I do not expect that my speeches will be translated two thousand years hence. I speak for to-day; I speak on the problems of to-day and I do that with tremendous emphasis.

I am not going to be bullied by any one of my colleagues with calls to the Chair when I have the right to speak, when I have the right to express the views of my electors as well as my own. I protest solemnly and strongly and energetically and with the greatest vehemence against the tactics of the Minister of National Defence who would like to see members of parliament act as mummies in the House of Commons. The ideal member for him would be the member who would keep his arms folded and his big back on the chair and never rise in the house, who would always nod yes. He wants a yes-man. I am not a yes-man; I am a no-man to him; I am a no-man to any suggestion that he will make because if he makes a good one it will be wrongly presented and wrongly done. That is why I affirm my independence as a member of parliament. I cannot tolerate any more interruptions from any minister, and especially from the Minister of National Defence.

Mr. RALSTON: Mr. Chairman, as you might anticipate, I do not propose following the hon. member in the byways and highways which he has pursued in connection with this particular matter. I am only rising here as I did this afternoon because of my duty, happening to be at the moment leader of the house. I feel it to be my responsibility to endeavour to preserve not only the dignity of this house but the dignity of parliament which consists of the House of Commons and the Senate. The suggestion by any hon. member that he has the right to speak, that he will not be hobbled or that he will not be stopped by me or by anybody else leaves me quite cold because there is no suggestion of that kind at all. All that an hon. member needs to do in order to preserve his right to speak is to keep within the rules of the house.

Mr. POULIOT: I always do.

Mr. RALSTON: It was for the purpose of calling attention to that that I regretfully had to rise this afternoon at a time when we should have been engaged in something other than discussing matters of the kind the hon. member discussed this afternoon. He had a right to make his speech on the particular item, but at the same time I felt that the dignity of the other branch of this parliament should be preserved as we would expect the dignity of this house to be preserved if the tables were reversed and if any such remarks were made regarding the House of Commons as were made regarding the other chamber by the hon. member this afternoon.

The hon. member has gone pretty far in connection with this matter. He could not resist the opportunity to take a fling at the individual who happens at the moment to be leading the house. I shall leave that for some other time, but there are some things which the hon. member has not done and which I submit he should do. Notwithstanding the fact that he does not take suggestions from me, I venture to suggest to you, Mr. Chair-

man, that the well known grace of his race ought to prompt him to make a full and unreserved withdrawal of any imputations which he may have passed upon the other chamber or its members.

The first statement which was mentioned and which is recorded on the blue sheets of *Hansard* the hon. member says that he did not say; that *Hansard* wrongly reported him. All I can say is that it is in *Hansard* at page 3328. This is the statement:

> They have completely lost any sense of shame in the Senate, and with the exception of two or three senators for whom I have the deepest admiration, I concur in what was said by the leader of the C.C.F. party as to the abolition of that body.

If the hon. member had withdrawn it; if he had simply left it and stated that he had not said it, that would have been one thing. But the hon. member did not do that. What he said was that he proposed to substitute for the words "sense of shame" the word "usefulness." He thought that that would cure the difficulty, that that would make words which were exceedingly offensive, if not wholly inoffensive, at least less offensive. The definition "offensive" as given by the Oxford dictionary is this:

> Offensive—1. Pertaining or tending to attack; aggressive; adapted or used for purposes of attack; characterized by attacking. Opposite to defensive. Hurtful, injurious. Giving, or of a nature to give offence; displeasing; annoying; insulting. Causing unpleasant sensations; now, nauseous, repulsive. Of the nature of a transgression. The offensive: the position or attitude of attack; aggressive action.

I suggest that you take the revision which the hon. member has made of his speech, the substitution of "usefulness" for "sense of shame," and add to that the other statements which he has made with regard to the senate and which appear in the extracts which you have just read—such as this statement:

> If they were willing to work; if they had enough initiative, they could help us; they could play the part that was allotted to them under our constitution.

Add that to the statement that they have completely lost their usefulness, and then add this statement:

> The senate is a nonentity in our parliament at the present time, just on account of the unwillingness of the senators to do something while they are sitting there.

I ask you if the change from the words "sense of shame" to the word "usefulness" helps a great deal in making the language used less offensive to the other chamber. I ask hon. members to put themselves in the position, and I ask the hon. member to put himself in the position of a member of the House of Commons reading a statement of

that kind being made by a member of the other chamber with regard to this House of Commons, the tatement that this house had completely lost its usefulness, that they were not willing to work, that because of their unwillingness to do something they are a nonentity in parliament, that if they had enough initiative they could help. I ask him; I ask you, Mr. Chairman, and I ask the members of this committee if they would not consider that that was offensive. Those are the words which the hon. member has still left on the record, and added to them is the statement which he made about one member of the other chamber, with regard to which he makes a rather curious explanation. He says:

> Another is a gentleman who had fat contracts from the Department of Munitions and Supply for being the agent of Mr. Macmillan in the province of Quebec.

Perhaps my mind is too suspicious; perhaps I am too touchy, but if I were reading that statement I would have thought that the gentleman there was being accused of having used his position as an agent of Mr. Macmillan, who was under the Department of Munitions and Supply first as timber controller and afterwards as director of Wartime merchant shipping for the purpose of obtaining fat contracts from the Department of Munitions and Supply.

Mr. POULIOT: I rise to a question of privilege, Mr. Chairman. I do not want my statement to be distorted by anyone.

Mr. RALSTON: I am stating, Mr. Chairman, that that is the construction any reasonable man would put upon that particular passage, and that is the thing which, it seems to me, is about as offensive as anything which could possibly be said by a member of this house with regard to a member of the other house. There is a sort of special pleading in connection with the matter, because the hon. member does make some suggestion that he thought the member of the other house having gotten contracts, would not need any more contracts in view of the fact that he had attained a position in the senate. That explanation may satisfy the hon. member for Temiscouata, but I do not think it will satisfy the public who see that particular statement on the record with regard to a member of the senate.

Mr. POULIOT: Once again, Mr. Chairman, the minister has not understood what I have said.

Mr. RALSTON: I am speaking of the exact words as they are recorded, and which the hon. member admits were recorded, with regard to that hon. gentleman.

Mr. POULIOT: The minister pays no attention to my explanation.

Mr. RALSTON: I submit that having done, as I think he has, a very grave injustice to the members of the other house and to a particular member of that house in that passage, I would have thought he would have unreservedly withdrawn any imputations of the kind.

Mr. POULIOT: Which I have done.

Mr. RALSTON: If the hon. member says he has done it—

Mr. POULIOT: Surely.

Mr. RALSTON: Then so far as I am concerned the incident is closed, but I understood my hon. friend to do almost everything but that.

Mr. POULIOT: That is most unfair and I protest, Mr. Chairman, on a question of privilege.

Mr. RALSTON: Do I take it, Mr. Chairman, that the hon. member does withdraw unqualifiedly any imputations against the senate or any members thereof?

Mr. POULIOT: I do not want my statements to be distorted by anyone.

Mr. RALSTON: I rise to a point of order.

Mr. POULIOT: I am on my feet, Mr. Chairman. How is it that I have to sit down when he rises?

Mr. RALSTON: I am rising to a point of order. I submit, Mr. Chairman, that this is a matter which is not debatable. The matter is before the Chair, and all I am saying is that if the hon. gentleman does withdraw unqualifiedly any imputations which he has made against the senate and its members, then so far as I am concerned the incident is closed. The remarks he has made about me do not disturb me in the least. But I submit that it is not a matter that we should debate.

Mr. POULIOT: I ask you, Mr. Chairman, if I have to withdraw twice?

The CHAIRMAN: No doubt the committee realizes that it is a delicate question to settle. Several arguments have been brought up by the Minister of National Defence (Mr. Ralston). An hon. member of this house has a right before the orders of the day are called or in committee to see that he is properly reported in *Hansard*. That is the privilege accorded to every member of parliament. The hon. member for Témiscouata has stated this evening that he did not use the word "shame" but that he used the word "useless." I feel that the committee must accept the statement of the hon. member for Témiscouata on that point.

This afternoon I gave a ruling on the use of the word "nonentity" as applied to the senate, and the hon. member for Témiscouata withdrew that statement unequivocally as will be found in the record of *Hansard* for this afternoon.

The only question that is left as to which I am not absolutely satisfied in my own mind, although I listened very attentively to the hon. member for Témiscouata, is the allusion that he made this afternoon to a gentleman who was appointed to the senate, stating that he had received fat contracts. I listened very attentively to the hon. member's explanation this evening but that matter is still left on the border-line to some extent. Although I want to believe that he intended no reflection whatever on the character of the senate and of the senator that he had in mind—

Mr. POULIOT: Not at all.

The CHAIRMAN: —from the repeated statements made by the hon. member for Témiscouata that he has just made at this sitting, I believe I am voicing the sentiments of the majority of the committee when I say that his explanation should be accepted.

Some hon. MEMBERS: No.

The CHAIRMAN: Shall I report progress?

Some hon. MEMBERS: No.

Mr. RALSTON: I am only submitting this, that the statements to which I have referred are the hon. member's statements with regard to the senate having lost any usefulness and also its unwillingness to work, which simply means that members of the senate are there not only neglecting but unwilling to do their duty.

The CHAIRMAN: On that point the hon. member for Temiscouata has said this evening that he did not want to use the expression that the senate is useless.

Some hon. MEMBERS: Withdraw the whole statement.

The CHAIRMAN: I agree that the hon. member should withdraw it now.

Mr. POULIOT: I will bow to your decision, Mr. Chairman.

Mr. MACKENZIE (Vancouver Centre): Do I understand there is an unqualified withdrawal of all the aspersions of any kind whatsoever that have been made against the other house by the hon. member for Temiscouata?

The CHAIRMAN: I listened very attentively to what the hon. member for Temiscouata said a few moments ago, and took notes of his statements, and I believe that that is the case.

Mr. MACKENZIE (Vancouver Centre): May we have the assurance that that is the case?

Mr. POULIOT: How many times do I have to repeat it to deaf ministers?

Mr. HOWE: Ask him the question, Mr. Chairman.

The CHAIRMAN: I will ask the question. I will ask the hon. member for Temiscouata, who, I know, wants to be fair to himself and to the committee, if he makes an unqualified withdrawal?

Mr. POULIOT: I cannot do more than I have done, Mr. Chairman. I have done it gradually, one by one. I am not going to bend before any minister. I respect you, Mr. Chairman, and I will abide by the Chair's decision, whatever you decide. I cannot say more than that. I do not abide by anything that is said by the Minister of National Defence.

The CHAIRMAN: I know the hon. member realizes that the committee wants an unqualified withdrawal.

Mr. POULIOT: If the majority of the committee wants it, I will give it.

Mr. MACKENZIE (Vancouver Centre): That is not unqualified.

Mr. POULIOT: If I am told to withdraw statements distorted by the Minister of National Defence, I cannot do it. I do not want to do an injustice to anyone. I observe the golden rule, and if I have offended against the rules of the house in anything I have said I have already given a satisfactory explanation which has been accepted by the Chair. After it has been accepted by the Chair, I hear roars from powerful breasts telling me to do something else.

The CHAIRMAN: I listened attentively to the hon. member for Temiscouata and thought it was an unqualified withdrawal, and I have rendered my decisions accordingly, but apparently the members of the committee do not feel that it was such. I will therefore ask the hon. member for Temiscouata if he makes an unqualified withdrawal.

Mr. POULIOT: I always abide by your rulings, Mr. Chairman, and I do so now even for those who do not have ears to hear.

[Mr. Ian A. Mackenzie.]

Mr. MACKENZIE (Vancouver Centre): That is not an unqualified withdrawal.

The CHAIRMAN: Does the hon. member withdraw unqualifiedly?

Mr. POULIOT: I abide by your decision.

An hon. MEMBER: No!

An hon. MEMBER: That is not a withdrawal.

Mr. POULIOT: Well, what is this? Is it a torture room? It is most ridiculous when ministers want to humiliate a member of parliament. I will not kneel down. I bend before the Chair, but I kneel down before no one else.

The CHAIRMAN: I must ask the hon. member for an unqualified answer, yes or no. Does he withdraw?

Mr. POULIOT: I abide by your decision.

The CHAIRMAN: I must ask for an unqualified withdrawal, yes or no; otherwise I shall have to report to the Speaker. I shall have to name the hon. member, and that is one of the duties which I am loath to discharge, and which I want to use only as a last resort. I must ask the hon. member for an unqualified withdrawal.

Mr. POULIOT: Well, all right, sir.

The CHAIRMAN: These words cannot qualify. I must have an unqualified withdrawal.

Mr. POULIOT: All right, sir.

The CHAIRMAN: Shall I report progress?

Some hon. MEMBERS: No.

The CHAIRMAN: Does the hon. member withdraw unqualifiedly? Yes or no.

Mr. POULIOT: Yes, Yes, Yes.

Progress reported.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed consideration in committe of a resolution to grant to His Majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

TRADE AND COMMERCE

The CHAIRMAN: Shall item 1 carry?

Item agreed to.

Canadian shipping board — administration, $98,300.

Revolving chartering fund, $500,000.

Mr. MARSHALL: Will the minister explain the reason for the increase in the vote?

Mr. MacKINNON (Edmonton West): The amount asked for, for 1944-45, is $598,300. There is a revolving fund of $500,000. The details are: salaries, $30,000; cost of living bonus and other pay-list items, $2,700; travelling $36,000; telegrams and telephones, $15,000; printing and stationery, $2,000; miscellaneous, $2,000; allowance Washington representative, $7,000; office accommodation, Vancouver, $3,600. This increase is on account of the fact that during the forthcoming year it will be necessary for the shipping board to appoint a representative in India and a senior shipping clerk for the Great Lakes, St. Lawrence division. The revolving fund revenue far exceeds the total expenditure for the operation of this entire board.

Mr. MARSHALL: I thought something like that had taken place in connection with the revolving fund because in 1942-43 the allotment was $350,000, of which only $15,000 was expended. Could the minister give the figures as to the actual amount—

Mr. MacKINNON (Edmonton West): I cannot hear the hon. member.

Mr. MARSHALL: Well, I am talking as loud as I can. I wonder if the minister would give the amount actually earned during this last year 1943-44, and the expenditures. Certainly, if there is a profit, I do not see why you need $500,000 of a revolving fund. It is said that the earnings far exceed the expenditures. If that is so, what is the object of having a revolving fund of $500,000?

Mr. MacKINNON (Edmonton West): The total expenditure for 1943-44 was $128,529.77, and the total revenue for the same period was $351,666.69, or, in the year's operation, a net surplus of $223,136.92. The revolving fund of $500,000 is an amount that is used for the chartering of vessels, and any earnings go to the consolidated revenue fund. Possibly we could get along with a smaller amount, but it is not considered advisable to ask for less.

Mr. MARSHALL: Does the surplus go into the consolidated revenue fund, or is it kept in the revolving fund?

Mr. MacKINNON (Edmonton West): It goes back to the consolidated revenue fund.

Mr. FAIR: Who are the members of the shipping board and what are their duties.

Mr. MacKINNON (Edmonton West): The members of the board are: Mr. A. L. W. MacCallum, chairman and director of shipping; Mr. F. E. Bawden, vice-chairman, who deals with the director of trade routes and steamship subsidies, and who is an official of the Department of Trade and Commerce; Captain J. W. Kerr, supervisor of nautical services, from the transport department; Captain Eric S. Brand, director of the trade division, naval service, Department of National Defence; Mr. T. C. Lockwood, transport controller, Department of Transport; and Mr. J. S. Macdonald, Counsel of the Department of External Affairs. This position of Mr. Macdonald's is temporarily vacant following his appointment as high commissioner to Newfoundland. Mr. A. W. Merriam represents the Department of National Revenue, and the secretary is Mr. B. A. Macdonald, Canadian government trade commissioner on loan to the forces at the present time.

Mr. FAIR: What are their duties?

Mr. MacKINNON (Edmonton West): These men speak for each of their departments.

Mr. MARSHALL: I am not quite clear on the question of where this surplus goes, because in the previous year we are told that the earnings were carried forward to a special account. Would the minister explain what is meant there? If the money is all shown in the consolidated revenue fund, why does it state in the auditor general's report that those earnings are transferred into a special account?

Mr. MacKINNON (Edmonton West): The earnings from the ship voyages carry on from month to month, and the moneys are carried into this special fund and turned back possibly at the end of the year.

Mr. PERLEY: Does the harbour board play any part in the working of the board?

Mr. MacKINNON (Edmonton West): No.

Mr. PERLEY: Are any of the members of the Montreal harbour board members of this board?

Mr. MacKINNON (Edmonton West): No

Mr. PERLEY: Does the harbour board play any part in the export shipments permits, and so on?

Mr. MacKINNON (Edmonton West): No; simply a matter of close cooperation.

Mr. PERLEY: With the harbour board?

Mr. MacKINNON (Edmonton West): Yes.

Item agreed to.

Shipping priorities committee — administration, $47,380.

Mr. MARSHALL: Why the decrease?

Mr. PERLEY: Why the increase?

Mr. MacKINNON (Edmonton West): It is a decrease.

Mr. PERLEY: The auditor general's report is confusing.

Mr. MacKINNON (Edmonton West): The general decrease in estimated expenditure is rendered possible by the fact that this branch is now believed to have achieved its maximum expansion with expenses being consequently more fixed and more accurately predictable.

Item agreed to.

Gift of wheat to Greece, $8,500,000.

Mr. PERLEY: There is an increase of $2,500,000 in this amount, and a very great increase over the previous year as shown in the auditor general's report. Would the minister explain that, and also is there any flour going to Greece other than wheat under the mutual aid, or does it all go in the form of wheat?

Mr. MacKINNON (Edmonton West): This all goes in the form of wheat. The additional amount required is on account of the increase in the price of wheat, together with the fact that improved shipping conditions have made it possible for the relief commission to obtain more consistent sailings and in that way send larger amounts.

Mr. PERLEY: How do you arrive at the price of this wheat? What does it cost the wheat board?

Mr. MacKINNON (Edmonton West): The wheat is delivered from that which the government has taken over and the price is $1.25 a bushel.

Mr. PERLEY: Is there any difference in the price of this wheat so far as the wheat board is concerned and the price of the wheat shipped to other countries under mutual aid?

Mr. MacKINNON (Edmonton West): Not under mutual aid, no.

Mr. PERLEY: The same price prevails?

Mr. MacKINNON (Edmonton West): Yes.

Mr. PERLEY: Based on Fort William?

Mr. MacKINNON (Edmonton West): Yes.

Mr. KNOWLES: I should like to take just a moment to speak in wholehearted support of this item and the policy that makes it possible. I wish to take a moment to read an extract or two from the April, 1944, issue of "International Affairs", a copy of which came to my desk a few days ago. Included in this publication is a report of an address given at Chatham House on November 16, 1943, by George Exintaris, who was at one time governor general of Macedonia. He escaped from Greece to Great Britain in July, 1943. In his address Mr. Exintaris dealt with the steady deterioration of the situation in Greece following the German occupation in April, 1941. There are two or three sentences that I should like to quote, and they are as follows:

> Between October 1941 and April 1942 the spectacle of Athens and Piraeus was truly tragic. One used to see in the streets people suddenly dropping dead from exhaustion. At night the lamentations of the old and the cries of starving women and children, cries of unappeased hunger, haunted the passer-by and transformed, as it were, most of the streets of Athens into one whole wailing wall of Jerusalem. Mortality assumed terrifying proportions. In Athens and Piraeus alone in the five months from October 1941 to February 1942 the number of deaths above the normal was thirty-five thousand.

Mr. Exintaris goes on to point out how the situation kept getting worse. Then we come to this sentence which gave me a real sense of pride when I came across it:

> Between the end of 1942 and June 1943 the situation improved slightly. This was due to:
> (a) the regular monthly dispatch from Canada of eighteen thousand tons (fifteen thousand tons of wheat, three thousand tons of beans and small quantities of powdered milk).

The speaker went on to give two other reasons for the slight improvement at that time, but I call attention to the fact that the first reason for the improvement to which he was referring was this regular monthly dispatch from Canada consisting mainly of our gift of wheat to these people. However, Mr. Exintaris went on to point out that the situation has even since then deteriorated and that the need is exceedingly great. He ends this part of his address by saying:

> If those in whose hands these decisions are entrusted could visit Greece for one day only and see for themselves the extent of the tragedy, they would, I feel sure, take steps to alleviate the sufferings of a people whose only fault, if fault it be, is the execution of their duty and the defence of their homes.

I think all of us in this committee should be justly proud that Canada is able to alleviate even to this slight extent the terrible suffering of the people of Greece. Let us hope that we may learn out of this experience the value of trying to help meet the needs of humanity the world over. These are days when we are seeing many things that are terrifying, the suffering that is going on due to this conflict in which we are engaged. I take just this moment because it seems to me that it is encouraging to realize that at the same time we are learning some other things as the desirability of endeavouring to help our brother men when they are in dire need.

I rise to support wholeheartedly the policy of the Canadian people—the government will

not mind it if I put it in that way in this instance—in making this gift to the needy and heroic people of Greece.

Mr. MacKINNON (Edmonton West): Following the hon. member's remarks I might just mention that as of May 9 of this year Canada has sent a total of 11,172,308 bushels. I am occasionally asked as to the certainty of this wheat, and all of this wheat, getting to the people for whom it is intended. Just recently I have had an opportunity of discussing this matter with people who are positively in touch with this, and I shall take just a moment or two to give the committee some information given to me by those people. As a direct result of wheat shipped by Canada to Greece three million Greeks are being provided with a basic bread ration of approximately two hundred grams or, roughly, half a pound a day. Greek officials have estimated that many hundreds of thousands of Greek lives have been saved by Canada's contribution. The wheat shipments have given the Greek nation the certainty of being able to secure bread freely and fairly. Though not large, the bread ration has been a vital factor in sustaining Greece during her long period of suffering.

Before the war Greece used to import one-third of her foodstuffs. She was broken and impoverished by her heroic seven months' struggle against Italy and Germany. Then came the terrible famine of 1941, to which my hon. friend has just referred, when people died in the streets of starvation, and at one stage the death rate in Athens was at least ten times normal. It was against this background of suffering that Canada's wheat shipments began in the spring of 1942, under the terms of an international agreement. We are positively assured by the best authority that all our wheat has reached the Greeek people for whom it is intended. The Swedish Red Cross and the Internation Red Cross, with the Swedish government acting in a supervisory capacity, are in charge of the Greek distribution in Greece.

Mr. MacNICOL: I can endorse what the minister has just said. Quite a number of Greeks live in the riding of Davenport, and they are extremely fine citizens. In several cases members of a family are now holding high positions in the allied service in Europe and North Africa. Some of the young men whom I know quite well not only are participating in the fighting but rendering wonderful service as interpreters. I heartily endorse the idea of sending wheat to Greece; in fact I should like to see it sent in larger quantities. Think of it for a moment; just a few million Greeks stood up like lions against Italy, who sent many hundreds of thousands of soldiers in an attempt to conquer that little nation, but until the Germans sent division after division to support the Italians the Greeks more than held their own. The least this great country of Canada can do is to alleviate the suffering of these people as much as possible. This is one way in which we can help our own people by buying wheat from them and relieving the surplus in Canada, and at the same time help feed these starving people. I say all honour to every effort, no matter by whom made, to relieve the sufferings of the gallant Greeks.

Mr. QUELCH: I am heartily in favour of this gift to Greece, and I am also heartily in favour of the provisions of UNRRA, whose provisions I hope will be sufficiently wide in scope to take care of any situation that may arise in future. But why should this wheat not be sent to Greece under the provisions of UNRRA? Was the arrangement made before UNRRA was set up, and in that case will this wheat be made available to Greece in future under UNRRA?

Mr. MacKINNON (Edmonton West): The hon. member is correct in thinking that this item is dealt with separately because it started before UNRRA was organized.

Mr. QUELCH: And in future?

Mr. MacKINNON (Edmonton West): We propose to carry it on in this way. It is just as good for the Greek people as in any other way.

Mr. QUELCH: It seems a little odd to have an organization such as UNRRA to take care of the stricken areas, and then find gifts made outside of UNRRA. Where does UNRRA begin and where does it end?

Mr. MacKINNON (Edmonton West): It has been pointed out to me that UNRRA does not enter into the picture in supplying goods to a country that has been overrun, until that country is liberated.

Mr. MacNICOL: The wheat was sent before UNRRA was thought of.

Mr. ROSS (St. Paul's): I hope the minister is assured that the wheat we send gets to the Greek people and not to the nazis, though I suppose that is a chance we must take. I heartily endorse the idea of sending this wheat to Greece. After all, the Greeks and the people of the British empire have always stood for freedom. We can never forget the great part played by Greece in fighting a delaying action at a most important time in the history of the war, when they held the fort against great odds. They knew what would happen to them; they knew the difficulties they were

up against; they went into it with their eyes open, because they believed in freedom. The least we can do is to give them all the wheat we possibly can. I have known many Greeks, and they are fine people. They did not expect much help when they went into this war, and I think we should do as much for them as we possibly can.

Mr. ROSS (Souris): I was not altogether clear on the answer given by the minister to the hon. member for Qu'Appelle. Am I right in assuming that any wheat shipped prior to September 28 would be charged at the initial price to the wheat board, which is ninety cents, and that since that time the price has been $1.25? It is the initial price at all times; it does not vary as the price of wheat shipped to other countries varies according to market conditions at the time of shipment?

Mr. MacKINNON (Edmonton West): The price now is $1.25 a bushel f.o.b. Fort William. Before that price was established; before the government took over that wheat, the price at which it was accounted for to the producers of Canada was the sale price of other wheat at the time. I cannot give that price, because it has not been disclosed.

Mr. ROSS (Souris): That is, prior to September 28 it was sold at the prevailing market price?

Mr. MacKINNON (Edmonton West): Yes.

Mr. ROSS (Souris): And since that time all shipments have been on the initial basis of $1.25?

Mr. MacKINNON (Edmonton West): That is correct.

Mr. PERLEY: Do I understand, then, that the wheat shipped before the price was increased to $1.25 would go on the basis of the price of wheat shipped to the United States, for instance?

Mr. MacKINNON (Edmonton West): The wheat shipped to the United Kingdom.

Mr. PERLEY: Shipped from the United States or from Canada?

Mr. MacKINNON (Edmonton West): From Canada.

Mr. HAZEN: Does this amount of $8,500,000 include the cost of transportation as well as the cost of the wheat?

Mr. MacKINNON (Edmonton West): This amount represents our contribution only. The transportation is arranged by the International Red Cross, I believe.

Mr. PERLEY: I have the minister's report dated January 28, 1944, and the day the price of wheat was increased wheat at Saint John for shipment overseas was $1.40, so that the minister must be wrong; it could not be based on ninety cents at Fort William.

Mr. MacKINNON (Edmonton West): I do not think I made the statement that it was based on ninety cents at Fort William. I said that it was based on $1.25 at Fort William at the present time, and that previously the price was based on what we realized for our wheat shipped to the United Kingdom.

Mr. PERLEY: Then it was based on the price in this report, which is $1.40, at the time you increased the price at Fort William?

Mr. MacKINNON (Edmonton West): What is the date of that report?

Mr. PERLEY: January 28, 1944.

Mr. MacKINNON (Edmonton West): I am told that the difference between $1.25 and $1.40, the price my hon. friend mentioned, is represented by the cost of forwarding to the Atlantic port.

Item agreed to.

National research council, special war activities, $3,945,507.

Mr. GRAYDON: Is any part of this vote for agriculture, or does that come under the civil estimates? The minister will recall there is an amount this year for agricultural research, and I was wondering whether it is in this vote, or in the civil estimates.

Mr. MacKINNON (Edmonton West): None of this is for agriculture. That comes under civil estimates.

A year ago when we were discussing these war appropriation items, and particularly that having to do with the national research council, I asked permission of the committee to place on *Hansard* a report prepared by the national research council respecting the activities in research during the past year, and to set out the work for the future. Many members, and many people throughout Canada have written to us thanking us for submitting this information to them. With the permission of the committee I should like again to place on *Hansard* a report of the work of the national research council.

Mr. MacNICOL: Covering this vote?

Mr. MacKINNON (Edmonton West): Yes, covering this vote. It stands to reason that it would have to be explained to laymen. I have it in proper form, one which I believe would be of great interest not only to hon. members but to the country generally. With the permission of the committee I should like to place it on *Hansard*.

Mr. ROSS (St. Paul's): This is a pretty big and important vote, and the minister should give a statement. In my opinion it would be better to make a statement, so that hon. members would have an opportunity of listening to it as he goes along, and of discussing it after we have heard it. I should imagine it would not take long to read it.

Mr. MacKINNON (Edmonton West): I am not trying to run away from reading it, or from submitting it. But I would suggest that if I have permission to put it on *Hansard* now, there would be an opportunity of asking questions when the estimates for the national research council are before the committee again, when we are discussing civil estimates.

Mr. MacNICOL: Does it refer to the same body?

Mr. MacKINNON (Edmonton West): Yes.

The ACTING CHAIRMAN (Mr. Golding): Does the committee give unanimous consent?

Mr. PERLEY: There is a considerable increase from last year, as it appears in the auditor general's report. The number of employees in 1943, as shown at page Y-29, was 732. Is there any increase in the present year?

Mr. MacKINNON (Edmonton West): There is a substantial increase in the number of employees. I just wish to point out that I do not intend in any way to attempt to shut off questions respecting the national research council, or to curtail any comment any members may wish to make this evening.

The ACTING CHAIRMAN (Mr. Golding): Order; does the committee agree to having this statement placed upon *Hansard*?

Mr. GRAYDON: I do not think the minister should be interrupted, when he is just part way through a statement. He was going to say something, and I should like to hear what he has to say.

Mr. MacKINNON (Edmonton West): I was just suggesting that if I had permission to place this on *Hansard,* I had no thought in shutting off discussion at this time.

Mr. ROSS (Souris): I think the minister should be permitted to place the statement upon *Hansard.* But this year the vote is almost double what it was last year. If he would make a short statement, pointing out what the changes are, it would be sufficient. I do not think we should ask him to read the entire statement, but he could make a general statement.

Mr. MacKINNON (Edmonton West): On the understanding that we shall take it up under the civil estimates.

Mr. PERLEY: The minister has said there is an increase in the number of employees. What is the number?

Mr. MacKINNON (Edmonton West): At the present time there are 1,240 employees connected with the national research council.

Mr. PERLEY: That is an increase of 500.

Mr. MacKINNON (Edmonton West): I might mention, in answer to the suggestion of the hon. member for Souris, that there is a considerable increase in the amount allotted for war appropriation over the amount for 1943-44. This is due, mainly, to a number of new projects, some of which are these: Experimental explosives establishment, $450,000; refrigeration unit for low-temperature work, $250,000; cooling system for single cylinder room in engine laboratory, $100,500, and explosives research, $90,000.

Mr. NOSEWORTHY: What is the nature of the low-temperature work?

Mr. MacKINNON (Edmonton West): I confess, frankly, that I cannot say. That is one of the reasons I wish to place the report upon *Hansard.*

Mr. FAIR: Are most of these votes for war purposes?

Mr. MacKINNON (Edmonton West): This is all for war purposes.

Mr. MARSHALL: Is Habbakuk still on the secret list? I note at page Y-31 of the auditor general's report it says this:

> Allotment: national research council, special secret problem, "Habbakuk", $53,370.80.

Is it still on the secret list?

Mr. MacKINNON (Edmonton West): I am told that the work is completed, but it is still on the secret list.

Mr. KNOWLES: Has any consideration been given to Lieutenant-General McNaughton's return to work in connection with the national research council?

Mr. MacKINNON (Edmonton West): Mr. Chairman, I have nothing to say on that point. I have no idea what is in General McNaughton's mind in that connection.

Mr. GRAYDON: We are not asking what is in General McNaughton's mind; the hon. member is asking what is in your mind?

Mr. MARSHALL: The government's mind.

Mr. ROSS (St. Paul's): I would like to ask the minister—

Mr. MacKINNON (Edmonton West): I am not in a position to make any statement.

Mr. GRAYDON: There is something in your mind, but you are not going to divulge it.

Mr. ROSS (St. Paul's): Is this increase altogether taken up by the three projects mentioned by the minister? Then, how far-reaching is the connection between private enterprise of one kind and another, and the national research council, due to the war? There are civil estimates for the council; I suppose it is doing a certain amount of war work.

Mr. MacKINNON (Edmonton West): It is all war work. I am told that practically the total work being done by the national research council at the present time is war work.

Mr. ROSS (St. Paul's): All war work?

Mr. MacKINNON (Edmonton West): Yes.

Mr. ROSS (St. Paul's): Well then, why are there civil estimates? Why is it not all included in these estimates?

Mr. MacKINNON (Edmonton West): These now before the committee are in addition to the regular peace-time organization. At the present time the peace-time organization is fully engaged in war work.

If I have permission to place this upon *Hansard*—

Mr. GRAYDON: Well, Mr. Chairman, is that the report the minister has mentioned?

Mr. MacKINNON (Edmonton West): Yes.

Mr. GRAYDON: Then may I point out a matter which I think the minister has overlooked. I have no desire to have him read a lengthy report at this stage of proceedings, particularly in view of the fact that he has undertaken that all that is contained in the report may be discussed fully when the civil estimates are before the committee. I hope that that undertaking and understanding will be properly implemented because it is important that it should be done. There is one more point involved so far as procedure is concerned. I do not think we as a committee should drop into the careless habit of putting on *Hansard* reports such as this. I am afraid other ministers will decide to put reports on *Hansard* which might not adorn *Hansard* as much as this one would. I think it should be either circulated in the form of mimeographed copies or printed in *Votes and Proceedings*. I think we must present an obstacle to filling up *Hansard* with things other than the spoken words of members of parliament. I realize that there are times when a mass of figures can be placed on *Hansard* much easier than reading them, but I think this instance would be creating a precedent which I am not prepared to permit without protest at this time. I know the minister has not this in mind and I ask him either to have this report mimeographed or printed in *Votes and Proceedings*.

Mr. MacKINNON (Edmonton West): Do I understand that the hon. member would prefer not to have it placed on *Hansard*?

Mr. GRAYDON: Yes, I would.

Mr. MacKINNON (Edmonton West): I think that would be quite agreeable, but if it is printed in *Votes and Proceedings*, it does not get the same circulation.

Mr. GRAYDON: I know the minister is anxious for circulation, but we should be careful about what precedents are established. I know that at times the government has special reasons for wanting circulation, and I often suspect that when certain questions are passed as orders for returns the same circulation is not desired as when questions are answered quite readily. If a similar report were placed on *Hansard* last year it escaped my notice because I am sure I would have protested against it.

Mr. ROSS (St. Paul's): Members of parliament have enough to read already. We have plenty to read. What is the use of sitting in the chamber if we are to have to read this as well?

Mr. PERLEY: I think many hon. members can read faster than the minister.

Mr. ROSS (St. Paul's): I am serious about this. The point is that we have plenty to read. It is much easier to get it if we hear it read and I imagine it would save a certain amount of discussion. I am quite willing to have it go in *Votes and Proceedings*.

The ACTING CHAIRMAN (Mr. Golding): I am just wondering whether we should place it in *Votes and Proceedings* without the Speaker being in the chair.

Mr. MACKENZIE (Vancouver Centre): With unanimous consent we can do anything.

Mr. KNOWLES: I agree in general with the position taken by the leader of the opposition about placing material like this on *Hansard*. Frequently, when this is done the things a member is reported as saying subsequently to the material being placed on *Hansard* look rather out of line. He speaks without having heard the material read which appears in *Hansard* just ahead of his own remarks. As I say, I agree in general with the leader of the opposition, but I do feel that this material is of such importance that

it should get the widest circulation possible. I think we all agree that the staff of the research council have done a particularly worth-while job during the course of this war. In my view they have done that job without getting sufficient pay and under the most difficult of circumstances. If this statement recites some of the achievements of the staff of the research council, I for one would like to see it get the widest circulation possible. Just one instance of recent note comes to my mind in connection with the sad occasion of the sinking of the *Athabasca*. A news dispatch in connection with this sinking referred to a life-jacket and what it had meant to many men, and then it went on to state that the initial research on this jacket had been done by our national research council. There are undoubtedly many cases of this kind. I ask the leader of the opposition, without abrogating his general position, to agree to having this statement placed on *Hansard*.

The ACTING CHAIRMAN (Mr. Golding): Is it the unanimous wish of the committee that we place it on *Hansard*?

Mr. ROSS (St. Paul's): Before we give unanimous consent may I ask the minister how long it would have taken him to read it?

Mr. MacKINNON (Edmonton West): Half an hour.

Mr. GRAYDON: I never want to be a hold-out in the committee and I do not think many members have found me taking that position. If it is the wish of the committee that this should go on *Hansard*, all I can do is to protest. I am not going to hold it up, but I should like it to be distinctly understood that this is not a precedent. If there is to be unanimous consent except by the leader of the opposition, then I should not want to withhold that consent.

Mr. ADAMSON: There is one question I should like to ask the minister. Prior to the war we were spending approximately one-tenth per capita as much as the United States on research. At the biginning of the war we found ourselves in an inferior position when compared with that country. I wish to compliment the minister upon what has been done during the war. Our scientists deserve a tribute. But we are probably still a long way behind with regard to research, and when the minister brings down his estimates I should like him to give some idea of the per capita expenditures in Canada on research as compared with the expenditures, if they are obtainable, in the other united nations.

Mr. MacKINNON (Edmonton West): I shall be very glad to do that. The people of Canada are not educated to or fully aware of the value of research. They are not ready to spend the money that other countries have spent to great advantage. The hon. member has referred to the United States where expenditures on research run into the millions, but even they are behind continental countries.

Mr. ADAMSON: I understand the policy is that the national research council cannot undertake an investigation or a piece of pure research unless they are asked specifically to do so by an industry or someone in the country. I suggest that that is a false policy and that the national research council should be encouraged to undertake pure and applied research. I think that is very important.

Mr. MacKINNON (Edmonton West): I am told that the council does that now to a limited extent.

Mr. KNOWLES: That is the trouble; it is too limited.

Mr. MacKINNON (Edmonton West): We fully appreciate that. In 1938-39 the peacetime vote was $987,569.59, and last year the total vote was $5,442,681.59.

Mr. ROSS (St. Paul's): In connection with having this put on *Hansard*, I said I would give my consent. Just to make it all right there are one or two things I should like to say. The minister has just stated that the peacetime vote was $987,000, but he did not mention the fact that there were large recoveries and that the national research council was practically self-supporting at that time. Another interesting thing is that we do not do nearly enough research work in the council.

Speaking the other day before the Engineering Institute of Canada, Dean Mackenzie gave some interesting figures. He said that research expenditures in the mid-thirties, by countries were estimated per capita as follows: Russia, $1.80 to $3; United States, $2.40; Britain, 70 cents; Canada, 22 to 29 cents. I do not think that the people of this country have appreciated as they should have done the work that was done by General McNaughton when he was in charge of the national research council. He made a real research council out of the place and had pilot plants there all ready to go to work when the war came on, and he would have had a much bigger research establishment there if it had not been for the opposition to pilot plants by the government. I think General McNaughton deserves a great deal of credit for what he did. Then there is Doctor Boyle. There is not a more outstanding scientist in Canada than Doctor Boyle, at the national research council. Very few people hear about him, but he is known to the whole scientific world, and when the

history of our scientific achievements is written the names of Doctor Boyle and General McNaughton will be known all over the world.

Mr. MARTIN: And Doctor Tory.

Mr. ROSS (St. Paul's): That is right, and Doctor Tory and many others. But I mentioned those two because I know very well what they have done. Dean Mackenzie is also doing a marvellous job right at the present time, as well as many other able men at the research council. Another thing I would point out is that they are not paid enough. It is a shame that they are not paid more. They are working there for the love of science and love of their country. If they left they could get far more money outside.

Another question I would ask the minister is what we are doing in connection with chemurgy? The United States before the war was spending on the chemical industry in the United States between two and three per cent of its sales value and spending one-seventh of one per cent on chemurgy while we spent practically nothing. We would like information on all these things. Just how far-reaching is the work of the national research council? Is their work confined to what is done at the national research council here, or does their work extend to other places outside? We know what has been done in the medical field by Doctor Collip. We ought to know more about what is going on at the national research council.

Mr. NOSEWORTHY: The minister made the statement a moment ago that the people of Canada were unwilling to spend money on research as other countries did.

Mr. MacKINNON (Edmonton West): I did not say unwilling, but that they had not been educated sufficiently along that line to realize the value of research.

Mr. NOSEWORTHY: I wonder if the minister is correct and if he did not think the government of Canada is unwilling rather than the people.

Mr. MacKINNON (Edmonton West): Oh, no.

Mr. NOSEWORTHY: Just on what premises does the minister base his assumption that the people of Canada are not willing to see more money spent on research?

Mr. ROSS (St. Paul's): I would like to follow that up? The minister thinks it is the people of Canada who do not appreciate research. I have always thought it was the government that did not do enough. We would have been far better off to-day if in years gone by the government had given more leadership in research and shown what could be accomplished by it. The government should have taken a leaf out of the books of other countries which have accomplished wonders in research. There was a great lack of research for the benefit of Canadian industry which was due to the lack of initiative by the government. I do not blame the council at all for that because they did the very best they could. They had to fight all the time to get what money they wanted to carry on with their work, and with what they did get they did a marvellous job. But the government did not give them the leadership that they should have given.

Mr. MacKINNON (Edmonton West): I should now like to put on *Hansard* the statement to which I referred. It is as follows:

Work of the National Research Council

Prior to the outbreak of war the national research council was conducting scientific research and investigation in its own laboratories. It was also fostering research throughout Canada by means of its associate committees, by grants in aid of research, and by providing scholarships to aid in the training of young scientists. Each associate committee superintended a limited field of investigation and its membership consisted of technical and administrative men from universities, departments of government and industry, whose experience and skill were pooled in directing the research. Through these committees the council was in touch with laboratory personnel and facilities throughout Canada, and it acquired fairly detailed knowledge of their potentialities.

The value of this knowledge and of the council's widespread contacts became apparent as soon as war broke out. Problems which required the work of scientists were brought to the attention of the council and were either undertaken in the council's laboratories or placed with the individual or laboratory best equipped for the work. Some of the associate committees were already working in fields which merely had to be broadened in order to meet the new needs. For example, the committee on medical research, which had originally been organized to coordinate medical research for civilian needs in Canada, became the nucleus for the study of medical problems presented by the new and changed conditions of warfare on land and sea, and in the air. Similarly the Canadian committee on food preservation turned its attention from strictly peace-time food technology to studies of the means of maintaining the quality of the foodstuffs delivered to our armed forces and to the people of Great Britain. Both committees have produced sound work which will continue to be of value after hostilities cease.

Supervisors of research under certain committees whose work was of a peace-time importance only were directed to use their grants in the pursuit of specific war problems which their special training enables them to undertake. In addition, individual scientists who had been receiving grants in aid of research directly from the council also undertook war research

problems. All this resulted in the utilization of facilities from one end of Canada to the other in a systematic attempt to cover the tasks at hand with economy of staff and equipment.

The council's own original staff also provided a nucleus around which an increased organization could grow and function. The demands for research increased steadily until this staff increased fourfold, and the council was operating nine stations, in addition to its large central laboratory, either independently or in cooperation with the services.

The foregoing indicates briefly the means by which the peace-time organization of associate committees and grants in aid of research were modified in order to meet the conditions of hurry and stress, and how the council staff provided a nucleus for the rapid development necessary. That the scholarships of the council have also proved their worth during this period is indicated by the fact that a large proportion of the young research men engaged in these problems, either in civilian laboratories or in the services, have at one time held national research council scholarships, for post graduate training in science.

So far we have been dealing with internal coordination and cooperation. But facilities for the exchange of scientific information between Great Britain and the United States on the one hand, and Canada on the other, became very necessary. A new liaison organization was therefore developed to function as a channel for the exchange of confidential and secret information. The council maintains a chief scientific liaison officer in London, who supervises and expedites the exchanges between Great Britain and Canada; and exchanges between the United States and Canada are carried on through the Ottawa office. The liaison offices obtain and transmit scientific information not only for staff of the council but for other departments and for the armed forces.

Turning to the research work proper it might be well at the outset to indicate that while the importance of physical sciences in warfare is obvious, the country which would depend on these alone would be severely handicapped. The importance of such apparently insignificant items as insects and fungi may be overlooked by the uninitiated, but those responsible for maintaining the health of the troops and for the supply and storage of equipment in the field are acutely aware of their importance. For this reason work in many fields of applied biology has had to be speeded up.

The war-time history of the associated committee on medical research, which has already been mentioned, illustrates this fact. This committee has had to organize three specialist groups, one on aviation medical research under Dr. Duncan Graham, one on naval medical research under Surgeon Captain C. H. Best, and one on medical research for the army under Lt. Col. W. Hurst Brown.

The committee on aviation medical research has been responsible for an outstanding programme of work especially in the fields of high altitude flying, protective clothing for flyers, oxygen equipment, and personnel selection. Most of the flying clothing and auxiliary equipment developed by this committee is now in use in active combat. The committee has also been able to assist in the solution of medical and physiological problems that arose from new conditions encountered in service flying.

The committee on naval medical research works in close conjunction with the medical unit of the Royal Canadian Navy. Dietary surveys made by these groups resulted in recommendations for the correction of various dietary deficiencies. Attention has also been given to the quality of the rations and water carried on lifeboats. This committee has also concerned itself with the question of night vision, and tests which it developed for the evaluation of night vision, colour vision and visual acuity have been adopted by the navy. Special lighting techniques have been designed for use on bridge controls, bridge instruments and chart tables in order to minimize interference with night vision. In connection with the operation of anti-submarine detection devices, experimental work on the fatigue of personnel has yielded information which has been applied in determining the optimum length of watch periods. Tests designed to indicate personnel suitable for this branch of the service have been adopted by the Royal Canadian Navy, the Royal Navy and the United States navy. Investigations on such problems as "immersion foot", underwater blast injury, and eye protection for bridge and look-out personnel have produced satisfactory practical results.

At present further problems under investigation are: obtaining fresh water from sea water in life boats, protecting naval personnel from noise, combating fatigue in radio detector and wireless telegraph operators, following tracer bullets fired "into the sun", improving ventilation and lighting aboard ships, and healing and treatment of burns and shock.

The operation of large numbers of small vessels makes sea sickness a problem of special importance. In this connection groups working in Montreal and Toronto have devised techniques for sorting out those who are susceptible to motion sickness, and therapeutic measures have been devised to prevent or alleviate the condition in a large proportion of the cases tested.

Army medical research investigations are in progress on night vision, effort syndrome, evacuation of wounded from battlefields, the prevention of respiratory and other infections in barracks, the use of drugs in relation to motion sickness and gastric physiology, air ambulance transportation, fumigants, and water purification. In connection with nutrition, surveys have been made and a study of sprouted grains and legumes as sources of vitamins for troops is also under way.

In the council's division of applied biology, investigations on food problems not related to the war effort were dropped at the beginning of the war, and a pre-war staff of nine had to be increased to twenty-nine in order to cope with food problems referred to the council by various government departments.

The general programme of this division in connection with food has had to do largely with such products as pork, bacon and eggs and in addition a large refrigeration project has been carried on. At the beginning of the war there was a shortage of refrigerated space and it became necessary to devise, if possible, a method of using the uninsulated holds of cargo vessels for the transportation of perishable products. Excellent progress has been made in the development of comparatively inexpensive emergency refrigeration equipment for this purpose which is easily and quickly installed, and which has

proven satisfactory in actual use. Already several vessels sailing from Canadian and United States ports have been so equipped.

Investigations on bacon have resulted in the adoption of a standard cure by Canadian packers, with the result that Canadian bacon is now held in high favour on the British market. It appears that the British prejudice against Canadian bacon, which was founded on the definitely bad curing practices used during the last war, has been overcome. This should help in holding the British market for Canadian bacon after the war. Standard canning procedures for pork and ham have also been adopted by the manufacturers as a result of investigations conducted with the object of developing a processing procedure which would improve both the keeping quality and the nutritive value of the product. Procedures for the dehydration of pork and other meats have been studied and experiments are under way to determine the storage life of the product. Testing panels have agreed that the product is as edible as fresh material. Modifications of the design of drier and of the drying procedure are being tested.

Dried egg powder has now become a prominent feature of British diet, and specifications for the control of quality in this commodity have been prepared for the Department of Agriculture which controls production in Canada. The division had already carried on a great deal of work in determining the best methods of processing and storage of dried eggs on an industrial basis. Studies designed to determine means of extending the storage life of shell eggs indicate that oil dipped eggs shipped in sealed lined bags keep reasonably well.

Japan's entry into the war cut off the source of agaragar which had been used as a jelling substance in the canning industry. The search for a promising substitute resulted in the choice of Irish moss, a form of seaweed. A laboratory method has been developed for processing this substance, and the properties of the product are being studied. Work is being continued to develop a commercial method of making a good jelling substance from this seaweed.

It was anticipated early that shortages of edible oils might develop, and investigations were put in train to find possible substitutes. As a natural outgrowth of the work on bacon, attempts have been made to improve the stability and other properties of lard as a suitable alternative for vegetable oil shortenings. Linseed oil is the only vegetable oil that Canada produces in quantity. The national research council is giving financial support to the Ontario research foundation in an experiment on the hydrogenation of linseed oil to produce an edible product. In addition, oils from various crops which might be grown in Canada and also oils from certain weed seeds are being studied with a view to their conversion to edible oil shortenings. The development of these crops is undertaken by the Department of Agriculture. The responsibility of investigating the processing of the oils is being undertaken by the national research council in its oil seeds laboratory at the university of Saskatchewan and in its laboratories at Ottawa.

Surveys have been made on the vitamin intake of Canadian troops at various depots, and the components of emergency rations used by the Canadian army have been examined to assess their caloric value and keeping quality. These projects were initiated at the request of the Department of National Defence. Advice has been given to the Department of Munitions and Supply on the actual value of foods offered for public sale.

[Mr. J. A. MacKinnon.]

As a result of metal shortages, a great deal of work has had to be done on the development of moisture resistant packages for dehydrated foods for export or for use by the armed forces. Packaging tests have also been made with compressed dried egg powder and dried milk.

The production of butylene glycol from wheat by fermentation is under active study. This chemical is an important raw material in the manufacture of butadiene, a precursor of synthetic rubber. Attention has been given to the possible use of butylene glycol as a substitute for war materials in short supply, as well as with a view to developing new industrial uses. A pilot plant has been constructed for the determination of data necessary for the design of a full-scale industrial plant. Members of the staff of the associate committee on grain research have assisted greatly in this work.

Promising native and exotic species of plants have been analyzed for rubber content and investigations carried on to determine the methods of extraction of natural rubber from these plants. Simple methods have been developed for removing rubber from Russian dandelion roots and from the leaves and seed pods of milkweed. The rubber obtained is passed to the division of chemistry which does the testing and compounding. This work is carried on with the active cooperation of the university of Toronto and the Dominion Department of Agriculture.

The division of chemistry has been engaged in a large amount of testing and development work. In the field of metals, work has been done on low alloy high-strength steels and aluminum alloys. The sea-water resistance of various coatings has been investigated and a study of means of preventing corrosion of different materials by chemicals has been made. Rubber products used by almost every branch of the armed forces have been investigated for production purposes or with the object of making improvements. These include surgeons' gloves, ground sheets, respirator components, crash and steel helmets and parts for artillery and tanks. In addition, rubber conservation problems and synthetic rubber processes have been under examination.

The wide use of textiles in the armed forces has led to a large amount of work in this field. Special problems investigated included methods of reducing the weathering of canvas duck, the thermal transmission of blankets, the colour analysis of certain textile products, and the characteristics of respirator pads. The development of fabrics impermeable to gas has been undertaken and suitable standards of quality for materials of this nature drawn up. The water-proofing, mildew-proofing, and flame-proofing of cotton textiles have also been studied. Tests have been made on many materials including felt, silk gauze, silk thread, braid, vulcanizing cloth, box cloth and various types of uniform materials. Work on the development of a suitable man-carrying parachute with nylon canopy, shroud lines, tapes and sewing thread, has been successful and this type of parachute has been adopted. Viscose rayon is now being successfully used as a substitute for silk in the manufacture of flare parachutes.

Advice has been given as to the suitability of a variety of leathers for different military purposes, and numerous dressing and waterproofing compounds for leathers have been examined for quality. Used military boots have been examined in order to determine means of overcoming certain weaknesses that developed with wear. Tensile strength tests and wear resistance tests have been made on composition sole materials. Soles composed of cotton fabric and suitable plastics have been made up and are undergoing field trials. The success of such soles would help to alleviate any short supply of sole leather. In addition, these soles have an advantage over leather in that rights and lefts are the same since both outer surfaces are identical.

Transparent sheet resins for military purposes have been tested for quality, and vulcanized fibre identification discs and other similar objects have been examined, general consideration being given to the substitution of plastics for metals in war materials.

A large variety of finishes is required for use on military vehicles and other equipment. Many of these materials are comparatively new to Canadian industry, and the research council has cooperated with government departments and manufacturers in facilitating the supply of these highly specialized coatings. Gas-detector paints, luminous paints, heat reflecting paints for armoured vehicles, finishes for rifle barrels, camouflage paints, fluorescent paints and fire retardent paints have been developed.

The commercial production of fuse powder charcoal was developed and carried on for some time by the council but the manufacture has now been turned over to a commercial concern. However, research on the fundamental problems involved in the operation is being continued. Indicators for war gases and chemicals for other war purposes have been synthesized and studied.

From a small cooperative effort between the national research council and the Canadian army, activities in chemical warfare have grown rapidly to the point where a highly coordinated project has been developed as an establishment of the Department of National Defence. The director general of this organization is a civilian scientist on the staff of the council. About one-half of the active personnel are civilian scientists, the remainder being members of the armed forces. This establishment is an outstanding example of active coordination of military and civilian agencies.

Several sections of the division of physics and electrical engineering are concerned almost exclusively with research and development for the Royal Canadian Navy. A shock and vibration machine based on British admiralty design, but modified to permit the use of Canadian materials, has been installed to test the resistance to shock of instruments and equipment for merchant and navy ships. The results of tests on this machine are used in devising instrument specifications. Other work of this general nature includes the construction and use of a rocking machine to simulate the movements of a ship in order to test instruments. Studies of gear for magnetic-mine sweeping have also been made. The acoustics section has been engaged in the design of special secret navy gear for offensive and defensive operations.

Apparatus for work in ballistics has been developed on an increasing scale, and measurement equipment for ammunition and gun proof has been developed and is now in use. Problems connected with directing gunfire and the armouring properties of various materials have been investigated. Work is also under way on the improvement of anti-aircraft projectiles. In this work the existence of a committee on ballistics and fire control has been of great help.

In the optics section, research and development in optical instruments and in photography and spectrochemical analysis has been accompanied by the construction of many and varied optical components for military instruments. A joint committee on photographic research sponsored by the R.C.A.F. and the council handles all photographic problems for the former organization. A great deal of research in this field has been completed.

Electrical measurements work has been largely testing for certain council laboratories and other government departments. There has been a marked increase in the testing of new insulation materials as a result of the rubber shortage and the manufacture of new materials in Canada. The mechanical testing of war materials in increasing volume has taken considerable time in the strength of materials section. In addition to routine tests numerous investigations on testing with radium and X-rays were carried out. A great deal of radiographic testing of steel, bronze and aluminum is also done outside by council-trained radiographers. The amount of X-ray diffraction work is gradually increasing.

In metrology, tests of such instruments as binoculars, sextants and thermometers run into the hundreds. The output of specially designed work on fire-control apparatus and teacher-training equipment for the army and navy has increased, and pilot models constructed in the council's shops have been sent for service trials.

In the gauge-measurement laboratory the number of gauges measured per month has been approximately 4,200, which appears to be the point at which production has finally settled. Improvements have been made on measuring technique and new equipment added, some of which was proposed, designed and constructed in the council's laboratories and shops.

The development of secret radio equipment continues apace. The sections on research and radio engineering design work hand-in-hand with the army, air force and naval sections. Equipment for radio location has been completed and successfully used against the enemy.

In the division of mechanical engineering many service projects are carried on. These include matters relating to marine engines and their lubrication and the design and test of ships of various types. Model testing basin results are useful to the naval architect and shipbuilder, and also to the designers of aircraft hulls and floats.

There is very close cooperation between the R.C.A.F. and these laboratories. Much of the work in progress in the new laboratories on the Montreal road has been suggested by air force authorities in Canada, the United Kingdom and the United States. The council has horizontal and vertical wind tunnels for the testing of the characteristics of aircraft. The results obtained are important in the development of superior fighting machines and in working out all possible safeguards for their crews.

The gasoline and oil laboratory has complete equipment for chemical and physical testing of fuels and lubricants, and this has been in constant use on war problems. An interesting

experiment in this laboratory established the fact that thermally cracked gasoline could be safely used in training aircraft, thus increasing the aviation gasoline supply. Flight tests were made, specifications for such fuel were drawn up, and refiners were provided with information as to the limits within which cracking could be done. Aircraft engines are tested in an engine laboratory where studies on cold starting of engines and of the cooling of armoured fighting vehicles are also in progress.

The council possesses the only building in Canada equipped for testing aircraft structures such as wings and tail surfaces. This equipment must be used in the development of new aircraft and in the study of modifications to existing structures. Considerable work in design and construction of moulded plywood aircraft has been undertaken in order to reduce the drain on duralumin and steel and to draw upon Canada's wood working facilities. For these purposes the structures laboratory serves as a pilot plant where interested firms may follow the development of new designs.

The mechanical engineering division works in close cooperation with the test and development establishment of the R.C.A.F., which operates what is really a full-scale experimental flying station. Through this cooperation laboratory results and flying operations are well coordinated.

On the physical and engineering side of its work, the council is closely associated with the Canadian engineering standards association, which is the national approvals body for engineering practice. The main committee of the C.E.S.A. is the associate committee on engineering standards of the council. The C.E.S.A. has close liaison with similar bodies in the United Kingdom and the United States, and this makes for close coordination of standardization work.

The foregoing outline contains merely a few highlights of the work, more details of which will be found in the annual report of the national research council. Since the national research council is the official research establishment of the navy, army and air force, many of the projects undertaken by the council are secret and cannot be made public at present. It is hoped that the general picture of the place of the council in the war effort can be visualized from the facts given.

Item agreed to.

DEPARTMENT OF THE SECRETARY OF STATE

Civil service commission—
Supply of personnel for war services, $576,500.

Mr. KNOWLES: Will the minister indicate the classes of employees who are included in this vote?

Hon. N. A. McLARTY (Secretary of State): They are employees of departments who have been taken on in connection with war work.

Mr. KNOWLES: Temporarily?

Mr. McLARTY: All temporarily. I will give a break-down of the figures: Salaries, $399,000; cost of living bonus, $63,000; printing and stationery, $20,000; examinations, $15,000; railway fares, $15,000; travelling expenses, $41,000; miscellaneous, $22,000.

Item agreed to.

Progress reported.

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

Tuesday, May 30, 1944

The house met at three o'clock.

THE ROYAL ASSENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following communication:

Government House,
Ottawa, May 30, 1944.

Sir:—I have the honour to inform you that the Hon. Thibaudeau Rinfret, Chief Justice of Canada, acting as deputy of His Excellency the Governor General, will proceed to the Senate chamber on Thursday, June 1, at 5.50 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
F. L. C. Pereira,
Assistant Secretary to the
Governor General.

The Honourable
The Speaker of the House of Commons,
Ottawa.

REPORTS OF COMMITTEES

BANKING AND COMMERCE

Third report of standing committee on banking and commerce.—Mr. Macdonald (Brantford City—for Mr. Moore).

MISCELLANEOUS PRIVATE BILLS—CONCURRENCE IN FIRST REPORT

Mr. L. P. PICARD (Bellechasse) presented the first and second reports of standing committee on miscellaneous private bills, and moved that the first report be concurred in.

Hon. R. B. HANSON (York-Sunbury): I should like to know the necessity for this motion. If it is concurred in, the quorum of this committee will consist of a very small fraction of the membership. It seems to me that this committee has important functions to perform, and that therefore the quorum should be substantial.

Mr. PICARD: The committee is composed of fifty members. There are many select committees sitting every day, and many of the

members of this committee are members of other committees as well. It was considered advisable to reduce the quorum in order that we might carry on the business of the committee in a proper way.

Motion agreed to.

PRIME MINISTER CURTIN

ANNOUNCEMENT OF ARRIVAL IN CANADA

Hon. J. L. RALSTON (Minister of National Defence): On behalf of the Prime Minister I should like to inform the house of the arrival in Canada of Prime Minister Curtin of Australia. Mr. Curtin reached this country this afternoon, and will arrive in Ottawa this evening from Montreal at 10.10 p.m. As hon. members may know, and will be glad to know, Mrs. Curtin, who accompanied Prime Minister Curtin from Australia to Washington, arrived in Ottawa earlier to-day.

Arrangements have been made for Mr. Curtin to address members of this house and of the senate on Thursday afternoon. It is my understanding that Mr. Curtin's address on that occasion will be broadcast so that all the citizens of Canada may have the privilege of hearing him.

It is proposed that when the house adjourns this evening the formal session will stand adjourned until four o'clock on Thursday, but it is anticipated that the members will assemble at the usual hour of three o'clock without going into formal session so that they may have the privilege of hearing, along with the members of the senate, the address of Mr. Curtin.

I am sure that I am speaking for all members of the house, and for the country generally, when I say that to us Mr. and Mrs. Curtin represent a sister dominion whose progress in peace and whose prowess in war have been a matter of pride and admiration on the part of the whole of the British commonwealth of nations. Therefore we feel particularly happy to welcome these two distinguished people on this occasion.

Mr. GORDON GRAYDON (Leader of the Opposition): May I just say in connection with the words which have been uttered by the acting leader of the government that the high standing of the Right Hon. Mr. Curtin and the nation which he represents will ensure for him and Mrs. Curtin a royal welcome while he is in Canada. We hope that our hospitality will know no bounds while they are here.

Mr. S. H. KNOWLES (Winnipeg North Centre): It is hardly necessary to add anything to what has been said already, but on behalf of this group may I express our extreme pleasure at the forthcoming visit of the Prime Minister of Australia.

NAVAL SERVICE ACT

AMENDMENTS AND CONSOLIDATION—ADAPTATION OF UNITED KINGDOM NAVAL DISCIPLINE ACT, 1866

Hon. ANGUS L. MACDONALD (Minister of National Defence for Naval Services) moved for leave to introduce bill No. 112, respecting the naval service of Canada.

Mr. GRAYDON: I think the minister ought to explain.

Mr. MACDONALD (Kingston City): Briefly I may say that this bill has two main parts. The first part is the present Naval Service Act with some few amendments, none of them substantial in character, which experience has shown to be desirable in that act. The second part is an adaptation of the British naval discipline act of 1866. That act applies now to Canadian naval forces simply by reference. It is proposed to take that act and make such changes as are necessary to adapt it to Canadian use, and have it as part II of the new Naval Service Act.

Motion agreed to and bill read the first time.

CANADIAN ARMED FORCES

PRESS REPORT OF STATEMENT OF DOCTOR PENFIELD AS TO SPECIAL CENTRES FOR NEUROLOGICAL TREATMENT

On the orders of the day:

Hon. H. A. BRUCE (Parkdale): I should like to direct a question to the Minister of Pensions and National Health, of which I have given notice, in view of the statement made yesterday by Doctor Wilder G. Penfield, leading neurological surgeon on the North American continent and head of the Montreal Neurological Institute, who is reported in the *Gazette* of to-day to the effect that the offer to the government of the institute as a treatment centre had been turned down because of fear of the establishment of an embarrassing precedent. Doctor Penfield further said:

> It is not for us to question this decision, but four and a half years of this war have now passed, and the Canadian government has done practically nothing to establish special centres for the care of war injuries of the nervous system; nothing at all in Quebec and the maritimes.

I would ask the minister to inform the house why this offer was not accepted.

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): I received notice of my hon. friend's question just before I came into the house, and hurriedly perused the article in the Montreal *Gazette*. Of course, as Your Honour is aware, it is entirely improper to quote from press reports on the orders of the day, though I am not making any point of that. Two statements are made in the article in question, the first having to do with the lack of accommodation for the armed services. This statement is entirely inaccurate. At the present time we are operating 23,000 hospital beds in Canada, 15,000 by the armed services. In 1939 the Department of Pensions and National Health was operating 2,700 beds; at the present time it is operating 8,450 and will be operating 10,000 within a year.

In regard to neurological cases, I have the most profound admiration for Doctor Penfield, as one of the outstanding men of the world in his field; but in conjunction with the armed services we recently established four centres for the special care of neurological cases, in Edmonton, Winnipeg, Vancouver and Toronto. In Montreal neurological cases receive preliminary investigation at Ste. Anne's and are then moved to the Montreal Neurological Institute for major surgery.

With reference to the alleged turning down of the institute, I take it that my hon. friend's question refers to a suggestion that was made for an additional wing to that institute for the special care of such cases. This is exactly the sort of suggestion that was received in five, six or seven hundred similar cases all over Canada, from other hospitals, which in the very nature of things cannot be accepted. I can assure my hon. friend that every possible consideration has been given, is being given and will be given to the treatment and care of neurological cases in the armed forces of the crown before and after discharge.

Mr. BRUCE: Does the minister not think a man with the outstanding ability of Doctor Penfield should be given an opportunity of doing this work in Montreal?

Mr. MACKENZIE (Vancouver Centre): I do not believe that question is in order, either. I said I had the most profound admiration for a man of the outstanding ability of Doctor Penfield, but he displayed a remarkable lack of knowledge of the preparations made both by the armed services and by the Department of Pensions and National Health in regard to the care of neurological cases in Canada. We are using his services now.

[Mr. Bruce.]

FUEL

REPORT AS TO PERMISSION TO RECONVERT FROM COAL TO OIL FOR HEATING PURPOSES

On the orders of the day:

Mr. KARL K. HOMUTH (Waterloo South): In view of the report in the morning paper that householders in the city of Ottawa who changed from oil to coal could change back to oil, under permit, has the Minister of Munitions and Supply anything to tell us concerning the situation throughout Ontario and Canada with regard to fuel oil, coal and gas?

Hon. C. D. HOWE (Minister of Munitions and Supply): I did not see the item in question, but definitely those who converted from light fuel oil, the type ordinarily used for domestic heating, to coal, may not convert back. That regulation is very definite. There has been an easing in the supply of heavy fuel oil such as is used for bunkering ships and in larger heating plants. There has been a surplus supply of heavy fuel oil in consequence of using a lower grade of crude in our refineries, and therefore conversion from coal to heavy fuel oil is permitted. But I wish to make it clear that this means nothing at all to the householder, or to the owner of the ordinary apartment block, all of whom must necessarily use light fuel oil, which is in position of very acute shortage. Therefore no conversion of the type suggested can be permitted.

Mr. HOMUTH: One of these days could the minister give a full statement of the situation with regard to fuels of various kinds?

Mr. HOWE: I shall be glad to do that.

INTERNMENTS

CAMILLIEN HOUDE

On the orders of the day:

Mr. LACOMBE (Translation): With reference to the reply which the hon. the Minister of Justice (Mr. St. Laurent) made on Thursday last, May 25, 1944, to one of my questions concerning the review of Mr. Camillien Houde's case, will the minister kindly tell the house whether Mr. Houde has been released from an internment camp, as a result of the hearing he had before the members of the advisory committee in Fredericton on Friday last, May 26, or, at any rate, if the report of the committee is favourable to the release of Mr. Houde, when he will be discharged?

Hon. LOUIS S. ST. LAURENT (Minister of Justice) (Translation): In reply to the honourable member's question, I may say that:

1. Mr. Houde has not been released.

2. I have not been informed that he had a hearing in Fredericton on Friday last.

3. A report has not yet been made to me.

4. When the report of the committee reaches me, I shall consider it, along with all the other documents on file, in the usual manner, keeping in mind the responsibility which devolves upon me under the Defence of Canada Regulations.

MOBILIZATION ACT

NUMBER OF MEN AVAILABLE FOR CALL-UP IN VARIOUS DISTRICTS

On the orders of the day:

Mr. G. S. WHITE (Hastings-Peterborough): I wish to direct a question to the Minister of Labour. When the minister's estimates were before the house on May 1, as reported at page 2509 of *Hansard*, I asked him if he would give certain information under ten different items in regard to man-power. He promised to give this information at an early day. May I expect that information this week?

Hon. HUMPHREY MITCHELL (Minister of Labour): I shall be glad to look into the matter and see what I can do to expedite the information which the hon. member has asked for.

SUPPLY

DEPARTMENT OF NATIONAL REVENUE

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

Customs and excise divisions—
185. General administration, $975,845.

Mr. GRAYDON: May I interject a remark with reference to procedure? I am not sure how many items are still to be called on the civil estimates, and we are anxious to know whether there are some departments left. The government will at once recognize this as one of the things which as a matter of protection, we as an opposition would ordinarily be entitled to know.

Mr. RALSTON: There are two left. The item will stand.

Mr. HANSON (York-Sunbury): They are all in but two.

Item stands.

DEPARTMENT OF NATIONAL WAR SERVICES

193. Canadian travel bureau service, $77,950.

Item stands.

Progress reported.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Monday, May 29, consideration in committee of a resolution to grant to His Majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

DEPARTMENT OF FINANCE

Wartime prices and trade board—administration, $15,600,000.

Mr. TUSTIN: Will the parliamentary assistant be good enough to give a breakdown of this amount?

Mr. D. C. ABBOTT (Parliamentary Assistant to the Minister of Finance): The breakdown is:

Salaries	$ 9,500,000
Travelling expenses	950,000
Printing	1,150,000
Stationery	250,000
Telephones	300,000
Telegrams	75,000
Legal and audit	150,000
Advertising	1,000,000
Postage	425,000
Freight and express	50,000
Local ration board	700,000
Ration coupon banking	840,000
Sundries	210,000
Total	$15,600,000

Mr. TUSTIN: How many employees are working under the wartime prices and trade board? How many offices are there across Canada; how many employees are there on the inspection staff, and how many are on loan to this branch of the service?

Mr. ABBOTT: As at March 31, 1944, there were 5,112 employees. These are paid employees. There are fourteen regional offices and about 114 or 115 local offices.

Mr. TUSTIN: How many are employed as inspectors?

Mr. ABBOTT: I have not that information at the moment but I will make a note of the question and get it later. In order that I may be clear as to what is meant, does my hon. friend mean enforcement inspectors or some other type of inspector?

Mr. TUSTIN: I think it is the enforcement inspectors. There are a great many of them travelling all across the country.

Mr. ABBOTT: I am advised there are between three and four hundred.

Mr. HANSON (York-Sunbury): How many young lawyers are employed?

Mr. ABBOTT: I am afraid I have not that information.

Mr. HANSON (York-Sunbury): All the young lawyers in the country are working for them.

Mr. ABBOTT: We will get that information.

Mr. TUSTIN: Mr. Chairman, each year in the town in which I reside a poultry fair is held. A large amount of dressed poultry is brought in; as a matter of fact in two days last December the producers brought in ninety tons of fresh poultry. There was practically an army of wartime prices and trade board inspectors there at the same time. To my knowledge there were nine of them, and how many more I do not know. The point I am raising this afternoon has not so much to do with the inspectors as it has with the controls placed upon the poultry producers of that community. On those particular days wartime prices and trade board inspectors placed blackboards in the market square advising the buyers what the ceiling prices were at which they could buy poultry. In my estimation they were working exactly backward. A farmer would come in with a load of poultry that might grade A or B, and he was told definitely by the inspectors that he could not accept more than 30¼ cents for chickens and 35¼ cents for turkeys, the idea being that the poultry must be sold ungraded. Another farmer might drive in alongside the first man with a load of poultry that would not grade more than C or D. If the buyers saw fit they could pay him the same price because his poultry was also ungraded. From talking to the buyers I know that they were anxious to pay the producer considerably more than they were allowed to pay. A lot of the dressed poultry taken out of that town in those two or three days was shipped to Montreal or Toronto by truck and sold in the stores in those cities at a price of 43 cents for grade A and 42 cents for grade B. My contention is that the farmers were robbed of from 7 to 8 cents per pound due to the way in which the wartime prices and trade board handled the situation. I am protesting against that kind of thing. The men who purchased these fowl were willing to pay more than they were allowed to pay, and the result was that they were able to make an exorbitant profit of from 10 to 13 cents per pound, a profit entirely out of line with what the producer received.

I have no axe to grind about the price ceiling to the consumer. I think that is perfectly all right, but I protest against a price ceiling to the producer which is 13 cents below what the consumer has to pay. That is out of all proportion. My contention is that the ceiling to the consumer should be enforced, but instead of the wartime prices and trade board saying to the producers of these fowl, "You cannot receive more than 30¼ cents for your chickens or more than 35¼ cents for your turkeys," they should say to the buyers, "You cannot pay less than those prices." If the large concerns that are buying this poultry are satisfied to take a smaller profit than 10 to 15 cents a pound, then I say they should be allowed to do so.

In my estimation this practice is doing much to discourage agriculture in this country. On the one side we have the government urging the farmer to produce more and, on the other, we have the wartime prices and trade board doing much to discourage that which is being requested by other branches of government. I felt it my duty to bring this matter to the attention of the department and to urge that this thing be not repeated. The order should be amended so that the farmer who is doing the work, who is producing at the request of certain branches of government, will receive a fair price. There should not be the spread between what is paid to the farmer and what the consumer pays as exists in this case.

Mr. HANSON (York-Sunbury): What authority did these inspectors have to take the stand they did?

Mr. BLAIR: I think what the hon. member has just said should be considered. Fowl should be properly graded. At the present time we are carrying on an extensive business in bootlegging and it ought to be controlled.

Mr. HANSON (York-Sunbury): Who are "we"?

Mr. BLAIR: Poultry should be classified and graded so that the buyer knows exactly what he is buying. That would regulate prices. I think perhaps the farmer is being legislated against in this regard.

Mr. ABBOTT: I should like to deal with the points raised by the hon. member for Prince Edward-Lennox. There are three ceilings on poultry, as I have no doubt my hon. friend knows. There is a ceiling on the wholesale price, there is a ceiling on the producer and there is a ceiling to the retail trade. The producer of poultry is entitled to sell at the ceiling price according to who is his customer. If he sells to a wholesaler, he gets the producer price; if he sells to a retailer, he gets the wholesale price, and if he sells to you or to me as consumers, he gets the retail consumer price. That is the price ceiling policy with respect to dressed poultry.

As to what these inspectors were doing in my hon. friend's town, I must confess that I have no personal information. I am not an

expert in the grading of poultry. The wartime prices and trade board has nothing to do with establishing the grades of dressed poultry; that is done either by the provincial agricultural authorities or by those of the federal government. In any case the grades are fixed and the prices board establishes ceilings for the different grades.

Mr. HANSON (York-Sunbury): What authority had these men to step in?

Mr. ABBOTT: Would my hon. friend tell me about what time of the year it was?

Mr. TUSTIN: It was December 3 or 4.

Mr. ABBOTT: I asked one of my officials and he said just before Christmas there was a considerable—.

Mr. TUSTIN: Possibly I did not make myself clear. I am not finding any fault with the grading of the poultry, but the poultry which was brought into the market square on these particular days, unless it comes through the pool, is not graded. Last year the pool did not function and none of the poultry brought into the market was graded. The farmer is not allowed to grade the poultry himself, and there were no inspectors from the Department of Agriculture there to grade it. The result was that every farmer was forced to sell the poultry at the ungraded price, no matter how good or how poor it was. That is what I am complaining of.

Mr. ABBOTT: I have no knowledge of the particular facts my hon. friend is bringing forward. I take it that this poultry, turkeys, fowl or whatever it was, for some reason or other had to be sold as ungraded poultry and was therefore subject to the ceiling for ungraded poultry.

The hon. member for York-Sunbury asked as to the authority for the inspectors doing what they were doing. I am not clear as to what orders they were enforcing, but I am advised that just prior to Christmas of last year there was a considerable tendency on the part of certain buyers in cities and elsewhere to push up the prices without too much regard for the ceiling, and that the enforcement division were instructed to keep their eyes open for that sort of thing.

Mr. HANSON (York-Sunbury): But that does not take care of the situation. What determined the price when the fowl was ungraded?

Mr. ABBOTT: I have not the order before me, but I am advised that under the order there is a price ceiling for ungraded poultry.

Mr. HANSON (York-Sunbury): No matter what may be the quality of the poultry?

Mr. ABBOTT: Quite so.

Mr. HANSON (York-Sunbury): That just illustrates once more the fact that when you set up regulations to interfere with the laws of supply and demand, as is being done by the wartime prices and trade board, great irregularities and injustices are bound to occur. Here is a man with grade A poultry, and he is told by the so-called gestapo that he cannot get the price for grade A poultry, that he must take the ungraded poultry price. I am satisfied that the regulations were made with good intent; I want to make that clear; but it is the operation of these regulations that brings about injustices and great discontent in this country. Make no mistake about it—the hand of every man who produces is against these regulations.

Mr. ABBOTT: Not the hand of every consumer.

Mr. HANSON (York-Sunbury): I am talking about the producers.

Mr. ABBOTT: I know you are.

Mr. HANSON (York-Sunbury): The producer has to have somebody stand up for him once in a while. The consumers of this country are not to be so greatly pitied. With a national income of ten billion dollars they have money enough to pay and are willing to pay, but I do agree that we should endeavour to keep prices within reasonable ranges. How do these regulations work? Here is another perfect illustration of the inflexibility of the rules and regulations laid down here in Ottawa by a group of white-collared boys who never were in the poultry business, who know nothing about it, but who sit around a table and draft a lot of regulations without knowing how the thing is going to work out, without knowing how it is going to affect both the producer and the consumer. That is what I object to, and that is what the people of this country are objecting to. The regulations are so inflexible, and then those who are administering them hold the fear of fine and imprisonment over the people. That is the kind of thing the people are rebelling against to-day, and this government will find it out when they go to the polls. I do not know anything that is going to drive this government out of power quicker than the way in which these regulations are administered. I am sure I am right. I can run my whole campaign in the next election if I want to on this very question, and I will be elected.

Mr. CRUICKSHANK: I too.

Mr. HANSON (York-Sunbury): The regulations are drafted with good intent. I am not questioning the idea behind the scheme,

although I have often said that at the beginning prices were frozen on a very uneven scale. I illustrate that by the freezing of the price of hay in my province at the October, 1941, price. Anybody who knows anything about hay, and we produce a good deal of hay in our part of the country, knows that October is the month when hay is at its lowest price level. That is just after the new crop has been pressed. The price of hay rises steadily from October to April, and the thrifty farmer, if he can, holds his hay until he can get the top price in April. But the price of hay was fixed by the prices board at the lowest price for hay, the October price. That is the price the farmer had to accept for his hay in the month of April, when the price ordinarily rises to its peak. The farmer will never forget it. That is the indictment that I make against these regulations. They are so inflexible. They are like the laws of the Medes and Persians. These bureaucrats are like the Bourbons; they never learn anything. They did not know anything to start with, and they never learn anything as they go along. They are never in touch with local conditions—

Mr. HATFIELD: And they never ask any member of parliament for advice.

Mr. HANSON (York-Sunbury): No, they never ask any member of parliament. I could have told them about hay. That is one thing I happen to know because in days gone by, on lands owned by me, I produced a great deal of baled hay. I was fortunate enough to get out of that market with the coming of the automobile, and I am glad I did. But hay is coming back into its own now, with all the restrictions on gasoline. Hay is a real commodity now in the Saint John valley.

Does the prices board ever ask anybody about the local conditions? Take the case mentioned by the hon. member for Prince Edward-Lennox. There is a case where the farmer was robbed of seven cents a pound on his grade A poultry, and it was done because of government regulations which do not have regard to actualities. How does the parliamentary assistant defend that sort of thing? I know he is not personally responsible; it is the administrative officers who are responsible for that sort of thing.

I want to ask a question about salaries. You have nine and a half million dollars here for salaries, and the board has about five thousand employees scattered all over the country. That is an average of about $1,900 each. What is the ranges of salaries paid? How much does the chairman get? What does the secretary get? What is the number of employees in the high income group? The country would like to know what this organization is costing them and what it is costing the producers, because they are being kept down although they are still taxpayers. I also want to know how many lawyers the board has. It has engaged lawyers to conduct prosecutions from time to time. I am not objecting to prosecutions for infractions of the regulations, but my observation is that the employment of these prosecuting attorneys in my part of the country is a form of political patronage. I know it is so in my county, and I am told it is so everywhere. I had someone look up for me the names of the lawyers in New Brunswick who were prosecuting infractions of these regulations. Would you believe it, there is only one lone Tory engaged to prosecute in the province; he is in the county of Charlotte, and the only reason he was appointed was that there is not a Liberal lawyer left in the county because they had all been given jobs. There are not many of them there in any event. The fact remains that only one Conservative lawyer in New Brunswick was employed by this board. I want to know how these lawyers are appointed and what their fees are. Are they appointed through the Department of Justice?

Mr. ABBOTT: Yes.

Mr. HANSON (York-Sunbury): That is what I thought. They are on the patronage list of the Department of Justice? Correct?

Mr. ABBOTT: I would not know about that.

Mr. HANSON (York-Sunbury): Well, you could easily find out. I think the minister, perhaps, does know something about this. I make the statement that I believe there is a patronage list established in the expending of this money, which is voted under the guise of war, to pay Liberal lawyers, some of whom ought to be in the army. I am not going to name them. I understand that they are patriots to the extent of $25, $35, $50 a day, prosecuting infractions of this act. I should like to have a break-down of the employees in categories, and I want full information about the employment of the lawyers—what they are paid, how they are paid and who fixes their remuneration.

Mr. ABBOTT: First of all I would like to deal with my hon. friend's remarks as to the price ceiling policy. He said in connection with these agricultural prices that ceilings were fixed by a bunch of white-collar boys here in Ottawa. I just want to point out to him that the person mainly responsible for fixing these agricultural prices is the administrator of meat and poultry, Mr. F. S. Grisdale, who, as my hon. friend knows, is a former minister of agriculture of Alberta and the head

of an agricultural college, and who can hardly be described as a white-collar boy who knows very little about prices.

Mr. HANSON (York-Sunbury): He is not a dirt farmer.

Mr. ABBOTT: In addition he avails himself, and so do the officers of the board, of the assistance of officials of the Department of Agriculture.

As to the criticism of the fixing of the price ceiling on hay, I am advised that hay has been exempt from the price ceiling since the early days of the controls.

Mr. HANSON (York-Sunbury): It was exempted after a roar went up from one end of the Saint John valley to the other.

Mr. ABBOTT: The price ceiling was imposed in November, 1941.

Mr. HANSON (York-Sunbury): October.

Mr. ABBOTT: And hay was exempted from the price ceiling, I am advised, in December, 1941.

Mr. HANSON (York-Sunbury): That is after they made the mistake.

Mr. ABBOTT: A ceiling was placed on hay in the western provinces in November of 1943; I think in British Columbia, at the request of the provincial agricultural authorities, because the price was running up too fast.

Mr. HANSON (York-Sunbury): That just shows a system of trial and error.

Mr. ABBOTT: As to the question of salaries, I can get my hon. friend the break-down which he asks. He will remember, not I think this session but in the last session, questions were asked—one, I know, by the hon. member for Lake Centre—as to the number of officials of the board in certain salary categories. That answer was given; it involved a considerable amount of work; and I wonder if my hon. friend would be satisfied if I have the officials of the board check to see if there is any substantial variation from that return, which was tabled, I think, towards the latter part of last session. I doubt if there has been; but if he insists on the information, of course we can obtain it.

Mr. HANSON (York-Sunbury): It is a very large item—nine millions. I have not seen the return.

Mr. ABBOTT: Perhaps my hon. friend could let that stand.

Mr. HANSON (York-Sunbury): Yes, I will do that.

Mr. ABBOTT: I will send him a copy, and if he thinks it should be amplified perhaps we might do that.

Now as to the retention of lawyers, a certain number of lawyers are retained on a full-time basis by the board here in Ottawa and in the regional offices. There are regional enforcement counsel. I will get for my hon. friend the number of these lawyers.

Mr. HANSON (York-Sunbury): And the names.

Mr. ABBOTT: And the names, and the salaries which they are paid. As to the local prosecutions, these are handled, as I understand government prosecutions have been handled for a great many years, by counsel retained by the Department of Justice, and I have no doubt that that practice was followed.

Mr. HANSON (York-Sunbury): Why should not the regional counsel handle it?

Mr. ABBOTT: I am informed that the number of prosecutions has now risen to some five thousand a year, some of them it is true, of a minor character.

Mr. HANSON (York-Sunbury): Most of them.

Mr. ABBOTT: And that the number of local regional counsel we have, with the other duties they are required to perform, is simply inadequate to begin to handle these cases, which are scattered through different parts of the country.

Mr. HANSON (York-Sunbury): That is not the whole picture. Most of these cases take about ten minutes each.

Mr. ABBOTT: I have not had any personal experience.

Mr. HANSON (York-Sunbury): Neither have I, but I have noticed that most of the defendants plead guilty, and fines are imposed; in default of paying they go to prison. They come up in batches regularly in the police court at Fredericton. I wonder, if a man had ten cases in the one docket, how much he would be paid for the couple of hours that he spends on that. So much a case?

Mr. ABBOTT: I cannot say that. I am advised that the costs are fixed by the Department of Justice.

Mr. HANSON (York-Sunbury): So much each case?

Mr. ABBOTT: I really have no information. But they are settled by the Department of Justice, not by the wartime prices and trade board.

Mr. WARREN: In reference to grading of poultry, as to which the hon. member for York-Sunbury seems to be so terribly concerned, I wonder whether in the cases he has in mind the producers themselves have not been somewhat at fault. Certainly the officials of the wartime prices and trade board would have nothing to do in the matter of grading, and if control is to be exercised as far as the consumer and the producer are concerned we must have some basis. If we are to have ceiling prices we would naturally have those prices established, or ought to, according to grade.

An hon. MEMBER: How can you?

Mr. WARREN: If they are graded, why not? What is to hinder establishing ceiling prices according to grade?

Mr. BOUCHER: What if there is no possibility of having grading?

Mr. WARREN: Well then, whose fault is it? I do not know. In the village of Eganville, near which I live, a number of years ago we marketed our poultry and eggs in the usual haphazard manner. The federal Department of Agriculture, I believe, initiated this scheme. A young fellow was established in a very small office, some of the farmers got together and put up their notes as collateral, and this young man started in grading eggs, having first been trained by an official of the Department of Agriculture. For the first year or two that young man was operating the plant the business was very small, but over a period of just a few years it has developed to a matter of $100,000 or more a year. One advantage of this young man having been trained was that when he graded a crate of eggs that grade was accepted on any market. That was not true if a merchant graded the eggs; his eggs would be regraded at Montreal and they might be placed in a different grade from that fixed by the local merchant. In that neighbourhood there has been a gradual but continuous increase in production of poultry and a very marked improvement in quality. In the old days probably not twenty per cent of our poultry were grade A. Now eighty per cent are grade A. The same is true of eggs. Nobody is suffering because of it. The grader instead of working in a place by himself now has a grading machine and a half dozen or more helpers around him. In the fall of the year the farmers bring in their poultry which are left there, weighed and graded, and there is never much grumbling or dispute that I am aware of, respecting the grading of poultry. In some communities by a little cooperative effort on the part of the producers what is thought to be a grievance can be very easily corrected.

The same thing is true of the village of Cobden. Within the last few years the grading and handling of poultry and eggs have become big business in that village, and the revenue in those districts must have increased tremendously. Instead of a woman raising say fifty poultry she handles them by the hundreds. The women make a job of it and they know how to dress their poultry. They go around in groups. The neighbours help each other. They find out the proper methods to use in dressing poultry to have them grade properly. The result is there is not much dissatisfaction. I do not know why we should jump on the wartime prices and trade board officials with respect to grades. If we do not pay for our products according to grade we shall be doing the producers harm instead of good. A man ought to be paid for his products on the basis of quality.

Mr. TUSTIN: I have listened with a great deal of interest to the hon. member for Renfrew North. I am surprised to see him standing in his place and agreeing that the farmer should be cheated out of thirteen cents a pound on those chickens just because he was unable to have them graded. I made it clear a few moments ago that we agreed with grading. So far as producing poultry is concerned, more poultry are produced in my constituency than in any other constituency in Canada. I am not in the least disturbed about any successful contradiction of that statement.

We have had this fair at Napanee for many years and we have followed through the grading of poultry and eggs ever since the commencement of it. But the point I strongly emphasized to the committee was that last December it was impossible for the farmers to get their poultry graded because the Department of Agriculture could not send graders there or did not send them there. It made no difference how good the poultry were, all that the farmer was allowed to accept for them was 30¼ cents a pound. Those chickens were taken a hundred and fifty miles to Toronto and sold to the consumer at 43 cents a pound for grade A and 42 cents a pound for grade B. I say that should not happen. It is not protecting the farmer. The point I have tried to emphasize is that the inspectors of the wartime prices and trade board were on the market square and when the farmer drove up with his load of poultry it made no difference whether they were grade A, B, C, or D, the inspector walked up to farmer's rig and when the buyer came along the inspector said,

"You can pay only 30¼ cents a pound for those chickens." I say that is dictatorship. Instead of the board saying to the buyer, "You cannot pay more than 30¼ cents for those chickens," it should protect the consumers who are paying 42 or 43 cents a pound.

In many instances the buyers wanted to pay more for this poultry last fall, but the wartime prices and trade board said it could not be done because the poultry were not graded. Instead of the board saying, "You cannot pay more than 30¼ cents a pound", they should say, "You cannot pay the farmer less than 30¼ cents".

Mr. WARREN: Have them graded.

Mr. TUSTIN: We are ready to accept grading at all times. That is the way we should like to sell our products. We have done more in our district to improve the quality of poultry and eggs than any other district in Canada. I was amused to hear the hon. member for Renfrew North saying that the farmers in his constituency dealt in hundreds of chickens. In my part of the country they deal in thousands. I have one hatchery alone that has been producing since the first of February and it will be producing until the end of September. It is producing at the rate of 16,000 per week. I have three hatcheries in my constituency, but this one hatchery is producing 16,000 a week and will continue at that rate until the end of September.

I do not want to repeat these things, but I do wish to urge upon the parliamentary assistant to the minister the necessity of his seeing to it that the wartime prices and trade board are made acquainted with the difficulties that the farmers had last year, and that the same difficulty does not arise again this fall.

Mr. ROSS (Souris): I should like to support the remarks of the hon. member for Prince Edward-Lennox with respect to the marketing of poultry. I have been convinced from the inception of price control in this country, as has been pointed out by other hon. members to-day, that the primary producer was taken at an unfair advantage and a very uneven price structure. We of the opposition have battled continuously for some form of parity for the primary producer. This applies not only to poultry but to all primary products of the country. Beef is a glaring example. Hon. members have taken advantage of every occasion to refer to the difficult situation of beef production in Canada. Beef and hogs and other commodities may come under some other department, but back of all the difficulties is Donald Gordon and his price control administration.

The beef feeder, the man who has been accustomed to finishing beef in Canada, has been almost entirely put out of business by price complications and controls. The price of grain to-day and the price of beef do not permit the feeder to buy cattle and finish the animal properly as he used to do.

The excuse that is always given to us is that we cannot now take advantage of our natural market to the south because it would be unfair to the consumer of this country. That market is on the average thirty-five per cent higher than it is in this country. The argument has always been advanced in this house by several ministers that in the case of hogs we must supply the finest type to Britain in order to obtain that market. Surely that same argument ought to apply to beef, but we have not been doing that. We have been shipping cow beef to Britain. True, that has been taken off the market recently, but surely we will not retain that market by supplying that type of cattle to Britain. The set-up is not consistent.

We had a new system of hog grading put in force in recent months in Canada with bonuses for the select hog. I think that is all to the good. But on the other hand we have controls by the packers, and penalties which they impose. Under the old schedule up to March on a heavy hog dressing 220 pounds there was a penalty of some two cents a pound. This hog is a choice hog in the United States. Under the new set-up which prevails in grading the settlements, in April the packer penalized the producer 4¼ cents a pound on the heavy hog. There is over twice the penalty that previously applied on that 220-pound hog. Previously there was a penalty of $4.40. Under the present set-up of settlements on the first of the month the producer is penalized $9.35, through no fault of his own. Besides, man-power enters into it because there was a glut in all of the abattoirs throughout western Canada.

A man with a select hog ready to go on the market was not allowed to market it; the hog became a heavy, and he was further penalized by the packer who took his product; there was no control at all. In addition, a great deal of that heavier pork is sold for domestic consumption in Canada, in many cases at a higher price than is paid for the select bacon by the bacon board. The government does not profess to do anything about that. I say that in many of these matters the price controls are very unfair to the primary producers of this country, who have always received secondary consideration. I have made it plain that I am in favour of price control for the benefit of the consumers, but in connection with many items the consumers have benefited to a far greater extent than the primary producers.

While I am on my feet I should like to ask the hon. gentleman another question. I was not sure of the figure he gave in the breakdown in connection with ration coupon banking. I believe he gave some figure of about $800,000.

Mr. ABBOTT: Yes, $840,000.

Mr. ROSS (Souris): I believe this is a new venture; previously these coupons were handled on a different basis. I know that gasoline coupons were handled by the oil companies themselves, at no cost whatever to the country. I should like an explanation from the hon. gentleman as to why this change was made and what it cost the government last year to have these coupons handled in this way. I should like to know just what the banks receive for this service, which I understand was performed gratis by other people until this change was made, but which now costs the taxpayers of this country $840,000.

Mr. ABBOTT: In the earlier days of coupon rationing this service was provided largely by the retailers. It involved a great deal of work and a great deal of additional expense, and it was felt that this was perhaps an unfair burden to impose upon one particular class of the community.

Mr. HANSON (York-Sunbury): Unless they were paid for it.

Mr. ABBOTT: That is perfectly true, but that would involve a very difficult administrative job which probably would result in greater expenditure and less efficiency than is the case under the coupon banking system which has now been introduced, and which I think I am right in saying was adapted from other countries, particularly Great Britain.

Mr. HANSON (York-Sunbury): Was the voluntary system efficient?

Mr. ABBOTT: I am advised that under the voluntary system there was a considerable clutter-up of coupons and considerable difficulty both on the part of the retailers and on the part of the government in maintaining accurate records.

Mr. HANSON (York-Sunbury): Was there not also the possibility of fraud?

Mr. ABBOTT: And of course there was the obvious danger that the coupons might be handled improperly. This coupon banking system was based upon systems in vogue in other countries, including Great Britain, and the work was placed with the banks. It may be said that the banks should have done it for nothing, but it was an additional service which the banks were asked to provide. In the case of the retail grocer or merchant, he was getting the benefit of the rationing system in the sense that there was a reasonable flow of supplies, and he was maintained in business, but it was purely an extra service as far as the banks were concerned and they are being paid for it on a cost basis.

Mr. HANSON (York-Sunbury): I do not think the retailer looked upon the rationing system with much favour, because his supplies were kept down.

Mr. ABBOTT: I dare say that is true; but I venture to suggest that the retailer would have looked with much less favour on the absence of rationing in connection with these very short commodities. He accepted the rationing system; he may have considered it an evil, but I believe he recognized that it was necessary, not only to assure equitable distribution to the people but for the protection of his own business. Very briefly that is the reason for this charge in connection with ration coupon banking.

Mr. HANSON (York-Sunbury): What do you pay the banks?

Mr. ABBOTT: The sum of $460,618.51 has been paid by the government to the chartered banks of Canada for their services in connection with ration coupon banking for the period from March 1, 1943, to November 30, 1943.

Mr. HANSON (York-Sunbury): Just how is it handled, and what are they paid?

Mr. ABBOTT: The monthly charges have been running between $55,000 and $65,000. The board's estimate of $840,000 was made prior to the discontinuance of meat rationing and therefore may be in excess of need. However, it is felt that there should be some leeway in the event that other commodities may have to be rationed. The rates the banks are using at present were based on a time study of the actual operations involved, and represent only the banks' direct salary cost and out of pocket expenses in connection with stationery, supplies and so on.

Mr. HANSON (York-Sunbury): Then they are doing it at cost?

Mr. ABBOTT: Yes, at cost.

Mr. MARSHALL: What is the actual rate?

Mr. ABBOTT: It has been running at $55,000 to $65,000 a month.

Mr. MARSHALL: I know that, but what is the basis of the charge?

Mr. ABBOTT: The rates are subject to review from time to time both by the board and by the bankers, through the Canadian

Bankers' association. They are based on a study of the time of the bank's employees involved in providing these services.

Mr. MARSHALL: How do you arrive at that figure of $55,000 or $65,000.

Mr. ABBOTT: I am advised that the figure is arrived at on the banks submitting evidence of the actual time spent by their employees in handling these coupons. It is cleared through the Canadian Bankers' association to the board, and figures are submitted as to the time occupied by the employees of the banks and the amount of stationery, and so on, involved.

Mr. MARSHALL: So that really you have to take the word of the banks for the whole thing?

Mr. ABBOTT: Subject to check by the officers of the board to ascertain whether the statements of the banks as to the time consumed are correct.

Mr. MARSHALL: Surely the officers of the board know the basis.

Mr. ABBOTT: That is right.

Mr. JOHNSTON (Bow River): Do they not get 25 cents in addition for each account?

Mr. ABBOTT: It is not on the basis of so much for each coupon, or anything like that. The basis of remuneration to the banks is their actual out-of-pocket expense. That may not be determined to the last cent, but as closely as it can be arrived at the work is done by the banks on a cost basis.

Mr. JOHNSTON (Bow River): Just to keep the record straight, not long ago I obtained some information from the department in regard to this very matter, and according to that information the banks were paid 25 cents for every account established in regard to these coupons. I have the letter up in my office.

Mr. ABBOTT: I will get more detailed information as to the way in which this is operated, but the general statement I have made is correct; payment to the banks is on the basis of the banks' cost. How that cost is arrived at, other than by the time taken, and so on, I am not in a position to say at the moment, but I will get the information.

Mr. JOHNSTON (Bow River): The minister's information may be correct as far as the figure of $55,000 a month is concerned.

Mr. ABBOTT: Between $55,000 and $65,000. Let me say at once that this is not business for which the banks asked. They did not invite it at all; the government asked them to undertake it.

Mr. JOHNSTON (Bow River): That is so. At the same time, if I understand the situation correctly according to the information given to me by the department some time ago, in addition to the actual cost of this operation as far as the time of their employees is concerned—and that is in accordance with information I received—the banks are paid 25 cents for each account they have established.

Mr. ABBOTT: I shall verify that. I think there is some misunderstanding there and I shall have to check on that and give an answer later.

Mr. CRUICKSHANK: I wish to direct a couple of questions to the parliamentary assistant on a subject about which we have heard something in the past couple of days, namely, strawberries. If I had known that this item was coming up to-day I would have reserved until this occasion a part of the remarks I made yesterday. May I say that it has never been suggested by anyone in British Columbia at any time that the ceiling should be lifted from strawberries, because we know that that is impossible at this date. We did ask that the price be based on cost of production. I may say, Mr. Chairman, that it will be much more convenient to answer my questions to-day because it will not entail messages being sent up and down each moment in order to get a direction.

I wish to quote as an authority on this subject the minister himself. He stated that the reason for the ceiling was to prevent inflation. Now, we never suggested at any time in British Columbia that there should be an inflationary price. What we did urge was that the ceiling should be based on cost of production and a reasonable profit for 1944. Last year for the first time in British Columbia the price was based on white labour and white production, and the price, according to the minister, was 33 cents. Let me repeat, the minister said that they were definitely setting the ceiling in order to prevent inflation. May I remark in passing that yesterday I said nothing that could be regarded as antagonistic to the officials of the board, though I must say that in my opinion they do not know the first thing about berries. They are human beings who are trying to do a good job in connection with something they know nothing about.

The CHAIRMAN: Order. I know that the hon. member for Fraser Valley does not want to repeat what has been said before in discussions in the committee. Yesterday we had a discussion lasting nearly two hours in connection with strawberries and raspberries and

this afternoon the question has come up again. I would ask hon. members to try as far as possible to avoid repetition.

Mr. CRUICKSHANK: I do not want to repeat anything, Mr. Chairman, but I am quoting the highest authority in the house, the minister himself, who declared that the prices were set with a view to preventing inflation. Let me read what he said as reported at page 3322 of *Hansard* of May 29:

> In 1943 the average figure for Nova Scotia was 22 cents; New Brunswick, 19 cents; Quebec, 17 cents; Ontario, 18 cents; British Columbia, 33 cents.

Before I go on with my argument, may I say that on no account do I want prices reduced in other provinces. I do not know what their cost of production is. But the minister's statement is based on the figures he quoted, and if there has been an increase in all the other provinces and there has been no inflation, where is the inflation in British Columbia? Let us take the beautiful province of Nova Scotia, a province which is fortunately situated. In 1939 the price was 10 cents; in 1940, 11 cents; in 1941, 13 cents; and in 1942, 14 cents—the highest of any province of the dominion. Yet in 1944 Nova Scotia—and I do not say that the figure is too high—the price is set at 22 cents. My point is this: Why is it that British Columbia is the only province that is told it must come down? In every other province the price is higher than ever before, and that has not resulted in inflation; yet we are told that there is danger of inflation in British Columbia, where, as I say, we have the price based for the first time on the white man's production costs.

I am going to ask the officials of the wartime prices and trade board to take into consideration some of the facts which I am about to state. In British Columbia the minimum wages effective from a date before 1938, so far as the canneries are concerned were: at least 85 per cent of male employees, per hour, 38 cents; at least 90 per cent of women, 30 cents; not more than 15 per cent of male employees, 28 cents, and not more than 10 per cent of women employees, 25 cents.

I will not give New Brunswick, but let us take Ontario prices. In cities and towns with a population of from 5,000 to 30,000, the wages were 22 cents for women and 15 cents for girls under 18. Anyone who knows anything about the jam canneries knows that the average girl employee is under 18. As regards the rest of the province, in towns and villages with population from 2,000 to 5,000—and that is where the average farm cannery is situated—the wages for women was 20 cents and girls under eighteen, 15 cents. Compare that with a minimum of 30 cents in British Columbia. Can anyone contend that we have inflation in British Columbia?

The situation in Quebec is even worse. I did not think it was possible to have anything worse than I have already shown, but here are the figures for the province of Quebec, taking temporary employees—and the average employee in a cannery is a temporary employee. For men—mark this, men, regular employees—the figure is 25 cents; for women, 17 cents; and in the city of Montreal and outside Montreal the figures are, men, 20 cents and women, 15 cents. I thought that was bad enough; I did not think it was possible to have slave labour of this kind. However, we find that the average employee in Quebec canneries, between June 15 and October 15, received, men, 14 cents an hour, and women, 14 cents an hour.

I would ask the officials of the board to explain to me where the inflation comes in in British Columbia when every other province has had an increase this year as compared with last year and when we in British Columbia have to compete against such wages as I have quoted. I should like to know whether the cost of production is taken into consideration. When it requires 30 cents a quart to produce in Ontario, and when we find such disgraceful wages as 14 cents an hour being paid to men working in a cannery, how can we produce at 27 cents? I do not say that 30 cents is too high for Ontario and Quebec. I do not think the farmers are getting too much, but it is unreasonable to expect the farmers in British Columbia to swallow hook, line and sinker the nonsense that is put out by men who, as the member for York-Sunbury says, know nothing about berries and who evidently do not take these facts into consideration.

I defy the deputy or any official of the board to say that any farm organization or member of parliament was consulted in arriving at the figures. I admit that I am a little bit bitter about this, but I assure you, Mr. Chairman, that there is nothing personal in my remarks, so far as the members of the board are concerned. Indeed, two gentlemen who have to do with jam come from British Columbia. I say, however, that the farmers of British Columbia, judging by the wires that I have received, are anxious to know, and they are entitled to know, how the figure was arrived at. I particularly wish the parliamentary assistant to tell me whether the cost of production was taken into consideration, when we are compelled to ship our berries, our processed fruit, where we are directed.

No doubt in war time that is necessary. How is it that the price in Ontario of 30 cents for fresh fruit is dropped to 19 cents?

Mr. ABBOTT: Thirty cents.

Mr. CRUICKSHANK: The price of 30 cents in Ontario is dropped to 19 cents after June 24. The hon. member for Vancouver-Burrard was challenged yesterday by the Minister of Finance, but he was correct; he knew what he was talking about. They want the cream at all times. Why the increase to 30 cents and then the drop to 19 cents? I should like the parliamentary assistant to explain why that is. I will prove my point by their own figures.

When the time comes for canning, Ontario must import processed berries from British Columbia. The manufacturer in British Columbia can pay up to 12 cents per pound after that date, but of course he is not going to pay that for jam berries. For argument's sake say that he pays 10 cents a pound, but 12 cents is the maximum he is allowed to pay. He will offer 10 cents a pound and say, "Take it or leave it; I have to compete with the cheap labour and cheap manufacture in the east." We are compelled to ship our processed berries to eastern Canada. I am not quarrelling with that because at the present time we do not have the manufacturing facilities in British Columbia. It is a peculiar fact that when you follow that through you find that 30 cents is being paid in Ontario with its cheap labour, and then 19 cents when they want to manufacture. It should be noted that at December 31, 1943, there were 8,200,000 pounds of fruit pulp in British Columbia as against 3,800,000 pounds in 1942. I doubt if any of the great producers' organizations in British Columbia were consulted. I doubt if any hon. member from British Columbia was consulted in connection with this price ceiling for berries. I doubt very much if the jam manufacturers of British Columbia were not consulted before this figure was arrived at. I want the parliamentary assistant to explain to me how they arrived at this. Was the cost of production taken into consideration? Were the jam manufacturers consulted before the ceiling was set?

Mr. ABBOTT: I thought we had our strawberry festival yesterday. I am afraid I am not very well prepared to deal with the questions my hon. friend has asked. As I recall, he asked how the price was arrived at. It was arrived at by the fruits and vegetable administration, of which his fellow British Columbian, Mr. Chambers, is the administrator. I am informed that it was arrived at after consultation with the officials of the department of agriculture of British Columbia and after Mr. Chambers had visited that province. That was so far as the price in that part of Canada is concerned.

Mr. SENN: Was the horticultural council called in?

Mr. ABBOTT: I cannot say.

Mr. CRUICKSHANK: May I ask a question?

Mr. ABBOTT: Perhaps I could cover the points raised by my hon. friend.

The CHAIRMAN: The parliamentary assistant should be allowed to give his answer.

Mr. ABBOTT: I was just trying to cover the other question which was asked. The hon. member asked how the price was arrived at, and I pointed out that consultations had taken place before that price was fixed. As the minister said yesterday, the 1943 crop in British Columbia was about one-quarter of normal. Speaking from memory, it was some 2,500,000 quarts as against about 5,500,000 quarts for the year before and some 10,000,000 quarts for the preceding year. There was no price ceiling on berries last year, and to use a slang phrase, the berry growers in British Columbia went to town with their prices. I do not blame them, but the fact is that they got a very good price for their berries last year. There was no ceiling in effect and average price received in 1943 by the berry growers of British Columbia was 33 cents per quart as against 12 cents per quart the preceding year.

Mr. CRUICKSHANK: Do I understand you to say that the average price received for all berries was 33 cents?

Mr. ABBOTT: I am informed that the Dominion of Canada Department of Agriculture reports show that the average price received in 1943 by the growers in British Columbia was 33 cents a quart as against an average price of 12 cents a quart in 1942. In other words, it was better than two and a half times the price received in the preceding year, and, as the minister indicated yesterday, about four times the average price for the preceding four years.

I think the cost of production of agricultural products is probably one of the hardest things to determine, but it is a pretty fair indication as to whether a return is reasonable when the price set is double the prices received over an average period. It is true that the ceiling price fixed this year for British Columbia strawberries is about nine or ten cents below the 1943 prices, but, as I have indicated, those prices were more than double the 1942 prices. In the judgment of the board, and

particularly of Mr. Chambers, who is the fruits and vegetable administrator, that was a fair price, both to the producer and to the consumer. I am afraid I cannot give any more information as to how the price was arrived at. If I had to make the decision I certainly would not have fixed a higher price.

Mr. CRUICKSHANK: I should like to follow that question through. As I understand the parliamentary assistant he said that the average price received in British Columbia last year was 33 cents a quart.

Mr. ABBOTT: That is right.

Mr. CRUICKSHANK: And he intimated that that is how they arrived at the figure.

Mr. ABBOTT: That was one factor that was taken into consideration in fixing what was thought to be a proper price this year. As I think the minister indicated yesterday British Columbia was the only province in which there was a roll-back of prices, to use the jargon of price control. It was thought that the prices last year in British Columbia had got so much out of line with prices in other parts of Canada that some roll-back was necessary.

Mr. CRUICKHANK: I am afraid that that is just what I expected the board would use in arriving at their prices. I appreciate the fact that the parliamentary assistant is not a berry man, although I think he knows a great deal more—

Mr. ABBOTT: It is not a question of berries; the same principle would apply to any other commodity.

Mr. CRUICKSHANK: I think he has a great deal more experience with berries than any of the people on the board at that time.

Mr. ABBOTT: I have picked a lot in my time.

Mr. CRUICKSHANK: The parliamentary assistant tells me that 33 cents was the average price. That is not correct. Last year only approximately ten per cent of the berries were sold at 33 cents. That is according to the board's own figures.

Mr. ABBOTT: I am taking the figures of the Department of Agriculture; I have no personal knowledge of this matter.

Mr. CRUICKSHANK: I am speaking from personal knowledge and I defy the board to correct me in *Hansard* or anywhere else. Only approximately ten per cent of the berries were sold at that price. It is unfortunate that these officials over there do not know anything about growing or selling berries.

[Mr. Abbott.]

The CHAIRMAN: I am sure that every hon. member of the committee heard the same questions asked and the same answers given yesterday. After almost four months of discussion in committee I do not think there should be so much repetition. I know that is the sense of the members.

Mr. CRUICKSHANK: When I am out of order I will appreciate being told.

The CHAIRMAN: It is not a question of being out of order. Surely the committee has reached a stage in the proceedings where there should not be so many repetitions.

Mr. CRUICKSHANK: Mr. Chairman, I do not think I am repeating myself and I will have *Hansard* checked. The impression has been given to the committee that the berry farmers of British Columbia received an average of 33 cents a quart last year for their berries. That is absolutely incorrect, and I want to correct it. Only ten per cent were sold at that price. I shall quote some figures. In 1941 one factory at Haney shipped out 49,058 pounds of fruit in crates; last year, 1943, they shipped 7,017 pounds. Then they tell me that that is the average figure arrived at. Surely that cannot be the average figure arrived at. This is of vital importance, Mr. Chairman, to 3,000 berry farmers in the province of British Columbia. Now it is a question whether they keep their farms or not. This question could have been settled here in five minutes if the private members had been consulted before this order was brought down.

There is another thing about which I feel very keenly. It is not inflation to increase the price in Ontario and Quebec. Apparently Ontario and Quebec run Canada. Then in Nova Scotia, one particularly situated province where the price has been higher than in any other province in Canada, the price is increased—and that is not inflation! You can use your imagination.

Mr. RICKARD: When we began this discussion this afternoon, Mr. Chairman, we were on poultry, and we have since wandered to beef cattle, strawberries and the like. I was very much interested in what the hon. member for Prince Edward-Lennox had to say. I live not too far from him, and I know that in his county they have a real poultry show every year. I hardly understand how it was that these producers had to sell their poultry at the ungraded price. In our county for some years we have held a little poultry show; we have had a government grader come to the show to grade the poultry, and the poultry was all sold on that basis. If the producers mentioned had to sell their poultry ungraded, that was unfair. We have been educated for

years to grow high-grade products, not only poultry but apples and all kinds of farm products, and surely we should be able to sell our products on a graded basis. While it does not come under the wartime prices and trade board, steps should be taken to see that the poultry is graded because the producers should not be compelled to sell poultry ungraded.

I hold no brief for the wartime prices and trade board. I do not think any hon. member does. This board brings possibly as much grief as any board we ever had.

Mr. REID: You can be assured of that.

Mr. RICKARD: But I believe in giving credit where credit is due. The board has done some things well; it has done a real job. When I have brought individual cases to their attention they have always been courteous and willing to consider the situation, and when they see the situation as we see it we get pretty good results. On the other hand, a great many of these men on the wartime prices and trade board know very little about the thing they are trying to control. I do not suppose you could find on the board a man who had any experience in the production end of agriculture.

Mr. ABBOTT: Mr. Grisdale.

Mr. RICKARD: While I appreciate the fact that the officials of the board will go to the federation of agriculture or some other organization for information and advice, at the same time from some of the decisions they give one must conclude that they know very little about what they are trying to control. But as I said before, they should be given credit where credit is due, and they have done some real good work.

There is too much spread between the producer and the consumer so far as poultry is concerned. There is no reason why the farmer should sell at 33 cents and the retailer sell at from 45 to 47 cents. That is too much of a spread. If the board is going to control prices it should step in and set the price at what the consumer has to pay.

Mr. HANSON (York-Sunbury): Were you ever consulted by the board about anything?

Mr. RICKARD: No, but I have always been received courteously by the board, and any case that I have brought before them has received consideration.

Mr. CRUICKSHANK: And no action.

Mr. RICKARD: Yes, action.

Mr. HATFIELD: Why is the price of fertilizer, especially orchard fertilizer, set at from one to two dollars higher in the maritime provinces than in the province of Quebec? In Nova Scotia, New Brunswick and Prince Edward Island the price was set at $34 a ton, and in Quebec $32.50 a ton. In Ontario the price was set at $34.50 a ton. The laid-down cost of the raw material is the same in every province and at all stations because the government pays the freight on the raw material.

Mr. ABBOTT: I will try to get that information.

Mr. HANSON (York-Sunbury): Why is it that in the maritime provinces the wholesalers are said to be allowed a larger profit than in the other provinces? That was given to me as one of the reasons why the consumer paid a higher price in the maritime provinces than in any other province. I would like to know why these wholesalers were allowed a special profit.

Mr. ABBOTT: Is the hon. member referring to fertilizer?

Mr. HANSON (York-Sunbury): Yes.

Mr. ABBOTT: I have a memorandum here which I would like to look over before I give my hon. friend an answer.

The CHAIRMAN: The committee realizes that this subject has been lengthily discussed on the estimates of the Department of Agriculture and I believe that the answer which the parliamentary assistant may now be going to read is to be found in *Hansard* of a few weeks ago.

Mr. HANSON (York-Sunbury): We had better hear his answer.

Mr. ABBOTT: With reference to the question asked by the hon. member for Victoria-Carleton and the supplementary question asked by the hon. member for York-Sunbury, the point which the hon. member for York-Sunbury made probably has something to do with it. I am advised that the principal reason for the difference in prices in the maritime provinces and Quebec and Ontario is the difference in manufacturers' discounts to wholesalers, jobbers and retailers, which discounts were in effect during the basic period. All these prices are fixed on the basic period price.

Mr. HANSON (York-Sunbury): You see the inequity that arises from that.

Mr. HATFIELD: During the basic period the price of fertilizer in Nova Scotia, New Brunswick and Prince Edward Island was four dollars a ton less than in the province of Quebec because of the water rate.

Mr. ABBOTT: I am not familiar with the price of fertilizer during the basic period or to-day. I will try to get a little more

information on the subject. I have a memorandum here which indicates, as was suggested by the hon. member for York-Sunbury, that the differential was based on the difference in discounts in the basic period.

Mr. HATFIELD: So far as discounts go, the volume is much heavier in the maritime provinces than in Quebec.

Mr. ABBOTT: I will get the information and give my hon. friend an explanation later.

Mr. KNOWLES: I should like to make a few general remarks in connection with the wartime prices and trade board. What I say will be critical but I trust that the parliamentary assistant and his officials will accept my suggestions as intended to be constructive.

I think we all must agree, despite the many criticisms we may make about the work and the administration of this board, that its job has been a very necessary and very important one in this time of war. As previous speakers have pointed out, difficulties have arisen largely because of the way in which the policies of the board have been administered. I feel that in particular the fault has been the failure of the board to win the confidence of the Canadian people, and I offer that criticism in the hope that the board might consider taking steps even at this late date to try to overcome that deficiency by winning the confidence of our people.

One thing that strikes me and a great many other people is the fact that apparently the government and its boards are always right. It does not matter what question is asked or what complaint is made; the government, or a board as in this case, always has an answer which is supposed to set aside the complaint. It seems to me that one means of gaining the confidence of the Canadian people in the activities of this board would be for the board to admit that this is a terrific problem which they have undertaken, that the board is faced with difficulties, and that it needs the help and the understanding of the people.

Let me quote one or two examples. Until last fall, one of a number of restrictions which the wartime prices and trade board had imposed was that very silly one against two pairs of trousers with a man's suit and also prohibiting cuffs on a man's trousers; and as hon. members on the Liberal side of the house will recall, suddenly, following a meeting of the National Liberal Federation in Ottawa last fall, that order was changed.

Mr. ABBOTT: Pure coincidence.

Mr. KNOWLES: "Pure coincidence", of course. Similarly with the other relaxations which were effected at that time.

[Mr. Abbott.]

Mr. ABBOTT: What were those?

Mr. KNOWLES: Such as rubber. I know that Liberal members of the house rather set aside what the parliamentary assistant has said, by claiming credit for what was done—

Mr. HANSON (York-Sunbury): Surely, they have, all over the country.

Mr. KNOWLES: —because of the fuss they raised on that occasion. I suggest that that kind of thing does not build up confidence on the part of the people in the board's decisions.

Another matter is that of deterioration in the quality of goods. During the course of this war, as the cost of living has gone up—though admittedly kept in control by the board as compared with what happened during the last war—one of the things which people in general and housewives in particular have tried to point out is that there was a deterioration in quality. We have raised the matter on the floor of this chamber, and last year and the year before the Minister of Finance, of course, always had an answer—there had not been any deterioration in quality which the wartime prices and trade board had not taken into consideration. Well, the parliamentary assistant can make the statement again to-day, but the housewives of the country find it difficult to believe; and I am simply suggesting that if, in the propaganda the board puts out, in the radio talks, in its general appeals to the public, it would go so far as to admit that some of these unfortunate things have occurred, perhaps it would win some of the confidence which is so necessary for it in its difficult job.

The same is true in connection with the increase in the cost of living, another point which has been raised here a number of times. Material is always produced to prove that it has not risen any higher than the indices show, despite what the housewife and the average citizen may know. It does not seem to me that it is ever to the disadvantage of a government to tell the whole truth and nothing but the truth. Not only is that true with respect to the matters which I have mentioned but also with respect to the supply of goods available. From time to time hon. members representing different sections of the community have mentioned the shortage of clothing for people in the farming communities, or the shortage of baby clothing, and so on, and the minister or his parliamentary assistant always had an answer; the government is always quite efficient and always doing a perfect job.

Mr. ABBOTT: Oh, no; we never laid claims to perfection—never.

Mr. HANSON (York-Sunbury): You never admitted an error.

Mr. ABBOTT: Yes; I have admitted errors on occasions too.

Mr. HANSON (York-Sunbury): Never.

Mr. ABBOTT: We certainly never laid claims to perfection.

Mr. KNOWLES: Any errors are always fully explained and fully accounted for. I suggest that this kind of thing, along with the example I quoted of the board's orders being changed when a little Liberal political pressure was put on, does not warrant the confidence which the board needs in its job.

Here is another example of what makes the people of this country wonder what is going on. I hold in my hand an advertisement which was clipped from the Winnipeg *Free Press* of April 17 of this year. It displays four ladies' handbags on sale in a large department store in the city of Winnipeg. The prices are quite modest; here is one for $47, another one for $75, another for $85, and one for $100. Supposedly luxury goods are not being produced, not being made available; people are being asked not to squander any surplus funds they have on unnecessary things, yet such articles are on the counters; and this is typical of many kinds of luxury goods which are still available.

Mr. ABBOTT: Are these imported or domestically produced?

Mr. KNOWLES: They are imported, but are made available in this country, and people are allowed to go ahead and purchase such luxury goods.

Mr. ABBOTT: There is a big tax on them.

Mr. KNOWLES: People generally have the notion that the job of the wartime prices and trade board and the aim of government policy in general are to avoid the spending of money on luxury goods, so as to get down to the real business on hand. It seems to me that this sort of thing should be avoided if at all possible, and that when it is not, it works against the success of the job which the wartime prices and trade board is trying to do. This advertisement appeared, I might say, at a time when the victory loan drive was being launched. I saw it myself in Winnipeg papers which I receive every day, and it also came to me from several correspondents in Winnipeg who were quite incensed when they saw this advertisement in the papers.

I offer this suggestion in a critical vein; at the same time I do it in what I hope is a constructive manner, because I feel there is yet a long pull ahead as regards the price control policy of the government, and if the board is to do its work effectively, in the light of the criticisms which the parliamentary assistant is getting from all over the chamber to-day—most heatedly from his own side—it must take every step to win the confidence of the people, and I trust that the parliamentary assistant will take seriously and pass on to his officials the suggestions which I have made.

Mr. JOHNSTON (Bow River): I should like to make a small correction of the statement I made a few moments ago to the parliamentary assistant as regards bank charges for accounts established in respect of coupons. I stated that I had received a letter from the department. That is not so; I got letters from some of my constituents in this regard, and I was intending to write to the minister's department, but I recalled that the question had been asked at a previous time. I therefore telephoned the returns officer, and together we found in *Hansard* where this question was asked. I should like to read the answer; for all practical purposes it was the same as I indicated to the minister a while ago. The report is to be found on page 1990, March 30, 1944. It is in answer to the hon. member for Eglinton, who asked, with reference to gasoline coupon rationing, what service the banks render and what remuneration would be received. It is stated:

> The basis of payment is as follows: 25 cents per account opened; 6 cents per debit or credit entry; 12 cents per 1,000 coupons handled. The basis of these charges is subject to review following an analysis to be made within a few months after gasoline rationing coupon banking becomes effective.

I would suggest, while we are on this subject, that this is a very substantial return for the banking service rendered. I was amazed when I looked up the answer to this question and found how exceedingly generous was the remuneration for this service. I think the committee will be really interested to know, when the parliamentary assistant brings down his final statement, the amount of money that is to be paid to the banks for this service. It seems to me it will be tremendous.

Mr. ABBOTT: As I said a moment ago I am going to get the information and give the hon. member a detailed answer on the coupon bank.

Mr. CARDIFF: I think the parliamentary assistant to the minister will admit that the object of the wartime prices and trade board was to control prices?

Mr. ABBOTT: And to assure adequate civilian supplies. It has a double function, remember.

Mr. CARDIFF: If it failed to control prices then it did not accomplish the object for which it was set up. Let us take the years 1928-29 and compare them with the present day. I think that would be a fair comparison. We had no wartime prices and trade board in 1928-29, and yet we find in those years that the price of cattle was higher and the price of beef lower than it is at the present time. I cannot give the figures but I could get them from the statistics. But the price of cattle this year is lower and the price of beef higher than it was in 1928-29.

Mr. HANSON (York-Sunbury): Because there is a ceiling.

Mr. BRYCE: I do not wish to cover any of the ground that has been already covered, but I wish to add to what the hon. member for Prince Edward-Lennox said in regard to the price of poultry. Does the department take into consideration the grade? If that is not taken into consideration the grade can be stepped up at any time with a resulting loss to the farmer. I want to be clear on that point.

Mr. ABBOTT: Does the hon. member want an answer to that now?

Mr. BRYCE: Yes.

Mr. ABBOTT: There is a most elaborate scale of prices for poultry, depending upon the grades, starting with special, grade A, grade B, and so forth. It varies with the different parts of the country. It is all contained as a schedule to administrative order A-893. The schedule of ceiling prices covers a full page and fixes special ceiling prices for different grades of poultry such as special grade, milk-fed; grade A, milk-fed; grade B, milk-fed; special grade A; grade B; grade C, and so on, with different ceilings for each recognized grade as defined by the Department of Agriculture.

Mr. BRYCE: Does the inspector see that the grade goes to the consumer?

Mr. ABBOTT: That poultry is inspected and graded, of course, by an inspector of the Department of Agriculture. The wartime prices and trade board has nothing to do with that. On the point raised by the hon. member for Prince Edward-Lennox that it was not possible to get the poultry graded in the town of Napanee early in December because there were no inspectors there, I take it he would agree with me that if the poultry raisers had wished to do so they could have shipped the poultry to the packing plants and had them graded there and received the price for the grading. That is my advice.

Mr. HANSON (York-Sunbury): They could not bring them back to the show, though.

[Mr. Abbott.]

Mr. ABBOTT: I do not know whether they could show them or not, but they could ship them and get the graded price.

Mr. BRYCE: According to the statement of the parliamentary assistant to the minister, his department has nothing to do with seeing that the established grade is enforced; that is, if turkeys are sold, the men who get them cannot sell them as grade A if they were graded as B's?

Mr. ABBOTT: The grading of poultry is clearly the function of the Department of Agriculture, and their inspectors establish the grade. If the poultry has been classified as grade A and the dealer attempts to sell them as special grade A, if our enforcement officers can catch him they would prosecute him. The wartime prices and trade board is charged with the responsibility of enforcing the ceiling. The ceilings are based on the grade of the particular bird that is being sold. If a dealer has purchased grade B and fraudulently attempts to sell it as grade A, the wartime prices and trade board would endeavour through its inspectors to catch him, and if he is caught they will prosecute him.

Mr. BRYCE: There is no law or order set up to make sure that the farmer's grade goes through to the consumer?

Mr. ABBOTT: He is entitled to get the price which is fixed for the grade of poultry that he is selling. If he sells to a wholesaler and his poultry is graded grade A, he is entitled to get grade A wholesale prices.

Mr. BRYCE: I understand that, but there is no protection from the farmer to the consumer to ensure that the middleman cannot raise a B to an A. Your department does not do anything about it, to see that a man does not get away with that.

Mr. ABBOTT: That is a very serious offence. It applies to any commodity that is subject to grading. I do not know what my hon. friend means by "protection". The law is there. If it is broken and the offender is caught, he is prosecuted. That is the only answer I can give. It is a serious offence to alter the grades of poultry or any other agricultural product which is graded in accordance with the requirements of the Department of Agriculture.

Mr. BRYCE: My point is that it is as essential to see that the grades are maintained as that the price is maintained. When you alter the grades you alter the price. As far as ungraded poultry is concerned, progressive farmers think that field is the happy hunting-ground for private enterprise.

I do not wish to cover the ground gone over by the hon. member for Souris, but I should like to add a little to what he said. Under the regulations to-day the farmer is deducted $3.50 for one pound overweight of pork. Those regulations have been set up by the wartime prices and trade board.

Mr. ABBOTT: I should like to say that the wartime prices and trade board covers a very wide field, but it has nothing to do with the grading of pork products. I would suggest that my hon. friend direct his inquiries and criticisms to the Minister of Agriculture when he is here, because certainly I, personally, am not competent to deal with questions involving the grading of pork. The wartime prices and trade board has no control whatsoever over them.

Mr. BRYCE: Perhaps I am all mixed up here. The wartime prices and trade board appointed the meat board.

Mr. ABBOTT: No; the Department of Agriculture set up the meat board.

Mr. BRYCE: No; it comes under the wartime prices and trade board.

Mr. ABBOTT: No; it has nothing to do with the board. We have enough headaches of our own.

Mr. BRYCE: Donald Gordon was the man who dominated things in the meat board in Manitoba, and if he is in the wartime prices and trade board he is not in the Department of Agriculture.

Mr. ABBOTT: I am advised that the meat board—

Mr. BRYCE: If the parliamentary assistant says that his department has nothing to do with it I have to take it.

Mr. ABBOTT: I am advised, and I know it to be a fact, that the Canadian meat board was created and set up last June under the Department of Agriculture by order in council. There is nothing in this appropriation which has anything to do with the Canadian meat board.

Mr. GAUTHIER: I put a question on the order paper about a man by the name of J. K. Smith, truck controller in the province of Quebec. I received an answer from the parliamentary assistant to the minister on May 22, 1944. My questions were as follows:

1. Is Mr. J. K. Smith, truck controller for the province of Quebec, an employee of the dominion government or a dollar a year man?

The answer is:

An employee of the dominion government, wartime prices and trade board.

2. In either case, since when?

The answer is:

May 1, 1942.

3. What was his previous occupation?

The answer is:

From 1900 to 1920, Mr. Smith was engaged in various phases of freight traffic handling, becoming in 1918 assistant to the general traffic manager of the freight tariff bureau of the Canadian National Railways. In 1920 he joined the Acadia Sugar Refining Company, Montreal, as traffic manager, and in 1922 was appointed manager of the transportation bureau, Montreal board of trade, from which organization he is presently on loan to this board.

4. Will a bilingual employee be appointed in his stead?

The answer is:

No appointment is necessary as the position is now filled.

The majority of the people of the city of Montreal speak the French language. This parliament passed a law—I do not remember the year, but the measure was sponsored by the hon. member for Quebec-Montmorency—under which the government is obliged, in making appointments to governmental organizations, to appoint men who speak the language of the majority of those living in the locality. Mr. Smith does not speak one word of French. If he can speak it he does not want to do so. When he is mad at something; when he differs with a visitor over a matter of policy, be it fascism or anything else, he asks for the police and wants the visitor thrown out. The hon. gentleman must be aware of that.

Mr. ABBOTT: No, I am not, but I will look into it.

Mr. GAUTHIER: That is what he did with Mr. Fillion, secretary of the Catholic union of farmers in Quebec. The question went on:

5. If not, why not?

The answer is:

Mr. Smith's services are quite satisfactory and he has several French-speaking assistants.

Well, his services are not satisfactory. The government is obliged to appoint a man speaking the language of the majority of the people in the locality, and Mr. Smith does not speak French. Why do we have to fight all the time for details? We are not tired of fighting, but we do not like it. The government should take care of that situation; it should pay heed when representations are made by serious people in regard to employees who are not able to speak both languages, especially in the province of Quebec. Imagine a government employee in Toronto or Winnipeg speaking French and not a word of English, able to give satisfactory service because he had English-speaking assistants!

He would not last very long. Why should we be expected to put up with this sort of thing in Quebec? I know the hon. gentleman speaks French, so that I should like to read an article which appeared in *Le Droit* of Tuesday, May 23.

Mr. ABBOTT: *Le Devori?*

Mr. GAUTHIER: No; *Le Droit.* It would not be too bad if it had been *Le Devoir,* because that newspaper represents a good portion of the opinion of Quebec.

(Translation): Such a thing would not happen in Ontario.

Some time ago, a French-language agricultural weekly, *Le Terre de chez nous,* upbraided Mr. J. K. Smith, director trucking in the province of Quebec under the dominion government. It charged that official, among other things, with inefficiency in the performance of his duties, because of his ignorance of the language spoken by four-fifths of the people in the province of Quebec.

The matter had an echo in the house—

That relates to my question.

Here is the reply made by the government on Monday. Mr. J. K. Smith has been employed by the Canadian government on the staff of the wartime prices and trade board since May 1, 1942.

The reply I have quoted a few moments ago is then given. The article goes on:

Of course, such a thing would not happen in Ontario. It would never occur even to the dominion government to appoint a director of trucking who could only speak French, and if, against all possibility, that was done and should the government, in reply to a question asked by a member in that connection, state that the said director had assistants who spoke English, the representatives of the Ontario people in Ottawa would surely not accept such an explanation. An uproar would be raised against the action of the government and the latter would hasten to rectify their blunder.

(Text):

So that I ask the parliamentary assistant if this situation will be cleared up, if Mr. Smith will be replaced. It is only fair to the people of Quebec, to the farmers of that province, that we have in Montreal a chief speaking both languages, or at least the language of the majority. French is official, as well as English, and we hope the government will listen to our representations. I trust the parliamentary assistant will look into the matter seriously, because we will come back.

Mr. ABBOTT: Well, Mr. Chairman, I know Mr. Smith slightly, but I do not know whether his knowledge of French is good or bad. I was under the impression that he spoke both languages.

Mr. GAUTHIER: Well, then, he does not want to speak French.

Mr. ABBOTT: As to that I cannot say. Mr. Smith has had a long experience in the transportation business, as was indicated in the answer to the question asked by my hon. friend.

Mr. GAUTHIER: I do not deny that.

Mr. ABBOTT: Mr. Smith knows the work thoroughly, and I am advised that he has several French-speaking assistants. My hon. friend will realize that these special war jobs are not permanent positions in the civil service, to which men are appointed for a period of years. Many of these positions are filled by men who are on loan because of their special technical qualifications, and I believe that is the case with Mr. Smith. Because of his special knowledge of transportation problems he was appointed transport controller, or whatever it is, in the province of Quebec. I have no knowledge of the instances mentioned by my hon. friend of alleged discourtesy on the part of Mr. Smith toward people who came to see him, but most certainly I will make inquiries and see what there is in that particular charge. I have here a letter which was written by L'Association du Transport Interurbain Inc. of Montreal, signed by the secretary, Mr. Archambault, and addressed to the chairman of the board, with reference to Mr. Smith, and I should like to read it to the committee to indicate how his services are viewed by one association in Montreal, at any rate. The letter is as follows:

Mr. Donald Gordon,
Chairman,
Wartime Prices and Trade Board,
490 Sussex street,
Ottawa, Ont.

Dear Sir:

Our association has learned with the greatest surprise that certain representations have been made regarding the present controller of transport at Montreal, Mr. J. K. Smith.

Our association feels that Mr. J. K. Smith has been doing his utmost to uphold the interest of the public in general and to carry out the regulations that have been imposed by the prices and trade board in order to control the business of transportation by truck and assist in the conservation of gasoline and tires.

It is obvious, in our opinion, that certain individuals feel that the present restrictions impose a hardship upon them and that the controller of transport should be the person to blame.

It has been resolved by the directors of our association to forward you an expression of their opinion to the effect that Mr. J. K. Smith has been serving the best interests of the public and that they do not recommend any change in this appointment.

Yours most truly,
Association du Transport Interurbain Inc.
per C. Archambault,
Secretary.

The letter is dated May 20, 1944. As my hon. friend knows, I am just as anxious as

anyone in this house or this country to have both languages spoken, and my hon. friend knows that my own facility in his native tongue is reasonably good.

I really deprecate that, in the case of a man who is doing a war job such as Mr. Smith is doing, and doing it well, according to my information, putting it on the basis that because he is operating in the province of Quebec, where admittedly the majority of the people speak French, that being their mother tongue, he must also speak French. I am not satisfied that he has not some knowledge of French, although I daresay, like a good many English-speaking Canadians in the province of Quebec, his knowledge of that language is not as good as it should be. Nevertheless, I venture to say that he understands French and probably understands it pretty well. He may not be able to converse in the language as fluently as he would like, but I have no doubt that he does understand it. That is about all I have to say. As regards the direct question which my hon. friend has put, as to whether Mr. Smith will be replaced or not, my answer at the moment is no.

Mr. GAUTHIER: I do not deny the ability of Mr. Smith, and I hope the parliamentary assistant does not deny that an official of any department should be obliged to speak the language of the majority of the people in the locality.

Mr. ABBOTT: Perhaps I should point out that, according to my understanding, this is not a civil service appointment. Mr. Smith was appointed, as many were appointed to these war jobs, by order in council and not on the recommendation of the civil service commission.

Mr. GAUTHIER: Then the parliamentary assistant says that Mr. Smith, not being a civil employee, is not compelled to speak French?

Mr. ABBOTT: I shall have to verify this. I understand that this is not a civil service appointment.

Mr. GAUTHIER: If Mr. Smith understands French he should not get mad when anyone speaks French to him. He does not have to throw people out, and that is what he did. He called for the police. I do not deny his ability, but I deny his courtesy toward people who have dealings with the farmers. All the farmers in Quebec do not speak English, though a great many of them do. I repeat, no member of this house from the English-speaking provinces would stand for such a situation, and they would be right. Why should we have to stand for it?

Mr. ABBOTT: I promised my hon. friend that I would look into the statements he has made as to Mr. Smith's attitude toward people who came to see him. I have no knowledge of that myself.

Mr. GAUTHIER: I hope my hon. friend will look into it.

Mr. ABBOTT: I take it that my hon. friend is giving this on hearsay; he was not present at the interview.

Mr. GAUTHIER: I was not present but I have letters that prove it is true. Mr. Fillion of "Terre de Chez Nous" wrote himself that he had to go out of Mr. Smith's office, and we can believe Mr. Fillion as well as anyone else.

Mr. ABBOTT: I am not questioning Mr. Fillion's word. I am saying that I shall have the matter looked into.

Mr. GAUTHIER: It is not hearsay on my part.

Mr. MacKENZIE (Lambton-Kent): The matter I am about to discuss should perhaps be brought up under a subsequent item, but seeing that we have wandered all over the place, perhaps it will not be objected to if I attempt to discuss it at this moment. I do not suppose there has been a session in the last forty years when at some time or another the question of sugar has not been considered in its many ramifications. One of the things that strikes me as peculiar, looking back over the records, is that the speeches as reported in *Hansard* ten and fifteen years ago on this question resemble the speeches of the last few years. This subject was debated at some length during the last session and it has been brought up once or twice again this year. During the years from 1930 to 1935 the question of sugar, in its relation to the sugar-beet industry particularly, was debated at considerable length and a special subcommittee was appointed in that period, from the standing committee on agriculture and colonization, to make a study into the sugar-beet industry and to report to the government of the day. An exhaustive study of the subject was made at that time. The records show that it was conducted here over many weeks and many witnesses were brought here, growers as well as refiners. After a thorough study of the subject they submitted to the house a report from which I will read a portion of the final analysis that was presented:

> Your committee therefore recommends that in view of the existing tariff on sugar and in consideration of the substantial payments being made to agriculture and labour by the beet sugar factories at present in operation, the cane sugar refineries should undertake to provide for

a gradual increase in factory facilities for the refining of beet sugar in Canada, and that, with the additional advantages in freight rates to points in the middle west, heretofore described, factory facilities should now be steadily increased in western areas where beets are grown, and thereby make it possible to produce from beets a more substantial percentage of the sugar consumption of Canada.

On March 20, when the subject was discussed in the house, the hon. member for Qu'Appelle (Mr. Perley) read that statement into the record. The hon. member is no doubt a loyal party follower and it rather amused me to read this statement he made in connection with it:

I read from that report to show that the government of that day and the agriculture committee of that day were ready to encourage the production of beet sugar in Canada. Since that time there has been a considerable increase in the production of beet sugar in Manitoba. There is a splendid refinery located there and I suggest to all hon. members that they visit it. It is one of the best in Canada and it has great possibilities. I say these few words to show that the party of that day was interested in increasing the beet sugar industry of Canada.

There is no doubt that the majority of the members of the committee were taken from the government in power. That was the normal thing to do. But actions speak louder than words and there was no evidence that the party in power was favourable to the production of beet sugar, because nothing was ever done by the federal government to encourage that industry. At that time a delegation came from Lambton to interview the Prime Minister of the day because they could visualize another refinery or two in that part of the country. They had an interview with the Prime Minister of that day and he was quite conversant with the sugar-beet industry. They said that he talked intelligently on the subject, but he gave them the old stock in trade, which is given by a great many people: "You may rest assured that we shall go over this matter very carefully and give it every consideration."

At that time the beet-sugar industry was at a very low ebb. The price of sugar was very low, and naturally the contract price of beets would be based on the wholesale price of sugar. There were many reasons for that. During the war of 1914-18 sugar production in the cane districts increased tremendously to take care of the sugar demands of the world. The beet industry in Europe at that time was very much disrupted and was out of production. After the war the sugar-beet industry came back into production and the cane industry kept up production with the result that there soon developed a world surplus of sugar. This became quite acute and in 1922-23 sugar became so cheap that it could be purchased in some of the cane sugar countries at as low as fifty-five cents a hundred pounds. That was a very low price and it was almost impossible to compete against it. In 1936 the retail price of sugar in our western districts was $4.80 a hundred or $3.80 a hundred without the excise tax. A conference was called to consider the world supply of sugar and, as was mentioned the other night in the house, this was held in London from April 5 to July 6. Twenty-two countries were summoned to the conference, and I have the report before me. I should like to read an item or two from the report as follows:

The summoning of the international sugar conference was the direct outcome of efforts which originated in the world of the world monetary and economic conference which met in London in June-July, 1933. The economic commission of that conference devoted special and detailed attention to the problem of securing better coordination in the production and marketing of staple foodstuffs and raw materials and the application of the principle to individual commodities—one of which was sugar—was considered by special subcommittees appointed for the purpose.

Most of the countries represented were either producers or large consumers of sugar. Canada was not particularly interested in the production of sugar or in the curtailment of production to keep in line with world demand, so that the Canadian representative did not sign the agreement that was arrived at. I quote from the report:

Mr. Massey stated that after a necessarily hasty examination of the convention, the Canadian government regretted that it had not found it possible to authorize signature at present. Canada was, of course, sympathetic with the conference's desire to avert uneconomic production but her position at the conference as an importer and consumer of sugar was so different from that of almost all other countries, that the Canadian government desired a further period of time to study the effect of the specific proposals of the convention on that position, and in the light of that study to decide whether it would be possible to accede later.

The votes allocated to Canada were given to the United Kingdom and the United States. The amount of sugar produced by Canada at that time was a mere bagatelle when compared with the world's needs. Prior to that time Canada had with Great Britain a treaty known as the British West Indies treaty which took care of the sugar supply of Canada. That treaty was revamped and reshaped in 1925 or 1926. Under the terms of the treaty sugar from the British West Indies was given $1 per 100 pounds preference over all other sugar imported into Canada, with the result that practically all the sugar we imported came from the British West Indies. This treaty

was a perennial treaty in that it could be terminated only by either country giving twelve months notice of termination. It was suggested by the Canadian officials that the treaty was out of date, that Canada was not getting equal value by the terms of the treaty, and the result was that in 1938 Canada gave notice that she wished to terminate the treaty and that a new arrangement should be arrived at.

At that time the then Minister of Finance referred the question to the tariff board for inquiry and report. Hearings were held in Ottawa during the summer of 1938. During those hearings reference was made to the possibilities of the sugar beet industry. The board was headed by the late Mr. Justice Sedgewick, and hearings were held in the justice building. Before the report could be submitted war was declared and nothing further was done.

After the declaration of war in 1939 Great Britain took over all British empire supplies of sugar and appointed a sugar controller by the name of Sir William Rook. Shortly after that time Canada appointed Mr. S. R. Noble as sugar controller. I do not know how he came to be appointed, but I do know that he had considerable experience in Cuba in connection with the sugar industry. The point I want to make is that up to that time there had been no encouragement given to the sugar beet industry by any federal government in peace time.

Nevertheless the sugar beet industry did develop. One of the first refineries in Canada was established at Wallaceburg in 1903 with the help of a provincial subsidy. About three years ago a refinery was established in Winnipeg also with the help of provincial support or subsidy. In 1944 a refinery will go into production in Quebec which also has the support of the provincial government. In spite of all handicaps the number of sugar-beet refineries in Canada has grown and to-day there are six modern refineries.

There are two refineries in Ontario which have a processing capacity of 45,000 acres and a total aggregate sugar producing capacity at normal yield of around 110,000,000 pounds. The two refineries in Alberta have a capacity of 35,000 acres, and would have a normal yield of around 110,000,000 pounds. The tonnage is a little higher in Alberta and the sugar content is a little higher. The refinery in Manitoba has a processing capacity of 20,000 acres with a sugar capacity of around 32,000,000 pounds. The refinery in Quebec, which will come into production this year, has a processing capacity of around 20,000 acres with a total production of 35,000,000 pounds.

If we had our total possible maximum production of sugar this year, from 120,000 acres, it would total around 287,000,000 or 290,000,000 pounds. The normal requirements of Canada are around 1,100,000,000 pounds, so that we would still require about 813,000,000 pounds to be imported to meet our needs. In a normal year that would be about one-quarter of our total requirements, but under our rationing system it would be approximately one-third of our requirements.

Since the United States entered the war Canada and that country have cooperated in connection with the supply of sugar. At the moment our principal supply is from Cuban sources. During the last war our main sources of supply were Sumatra, Java, Malaya, the Dutch Indies, and the Philippines, all of which are now under Japanese control. According to the authority of Sir William Rook, the world reserve of sugar is gradually fading away. In 1942 this reserve was 3,000,000 tons; in 1943 it was 2,000,000 tons; in 1944 it was 1,000,000 tons, and it is expected that in 1945 our reserve of sugar will be practically used up. In other words, we shall be starting from scratch.

I have a press release which was issued on April 20 by the wartime prices and trade board, which reads:

> Warning that world supplies of sugar are so short that larger rations may not be expected for the first year or two after the war was given recently by Sir William Rook, British sugar controller, during discussions with wartime prices and trade board officers.
>
> Not only is there no surplus of sugar in the world to-day but the present supply is insufficient to meet even essential needs without strictly rationing, Sir William said. He termed "incomplete and inaccurate" the view that all that is lacking is enough shipping space to transport sugar from producing to consuming countries.

In Ontario to-day we have a pretty fair contract for the sugar-beet growers, especially when compared with other days. During the depression days the price was around $4.50 to $5 per ton, and a fair price would be a minimum of $9 per ton. On a sixteen per cent beet it would be $11 a ton, and on eighteen per cent beet $12.20 a ton. Labour costs are very high in Ontario and in all beet producing districts. The cost of hand labour for thinning, hoeing and harvesting would be $30 per acre; seed $2.25 per acre; fertilizer $3 per acre; delivery $12.25 per acre, making a total of $47.50.

Mr. MacNICOL: Has the hon. member the additional cost in Alberta for the delivery of irrigation water?

Mr. MacKENZIE (Lambton-Kent): I shall have that a little later. If we have an average

crop of ten tons of beets to the acre in Ontario, and that has been a fair average over the years, at $9 a ton the gross return would be $90 per acre, from which deduct total costs of $47.50 and you have a net profit of $43.50 per acre, which should be the profit in a normal year. That does not include the farmer's own work, the cost of the land or anything he may do in connection with cultivating the land, so that the profit would not be very high.

Mr. MacNICOL: How is the Ontario farmer able to compete with the Alberta farmer whose beets have an eighteen per cent sugar content?

Mr. MacKENZIE (Lambton-Kent): The sugar content in Ontario last year was eighteen per cent. There is not a great deal of difference in that respect.

Mr. MacNICOL: I understood the hon. member to say twelve per cent sugar content in Ontario.

Mr. MacKENZIE (Lambton-Kent): Ten tons to the acre of eighteen per cent beets at $12.20 per ton would give a good gross yield. That includes subsidies. The Ontario government this year provided a subsidy of $1.55 a ton to the beet growers, and the beet growers appreciate that. The Ontario minister of agriculture, when presenting his bill to the house last winter, announced, according to press reports, that the government felt obliged to assist the beet industry in Ontario because the federal government would do nothing. That statement is hardly correct. It would have been correct for him to say that the federal government refused to give any more assistance to the beet industry at this time because they have already given two subsidies in the last two years. The first subsidy of half a cent a pound was given in 1942 on the price of refined sugar, and most of that subsidy went to the producer, though not all. There is a straight half a cent a pound subsidy because there was a stabilization fund built up after the outbreak of the war which the stabilization corporation has in what they call their inner reserve. Like the banks' inner reserves, we do not know what that reserve is, but they have this inner reserve. The second subsidy of half a cent a pound was given on February 1, 1944. This all went to the producer. A ton of beets that would have a test of eighteen per cent sugar content would run close to 300 pounds of sugar to the ton. That would mean close to $3 a ton subsidy from the federal government. The federal subsidies apply to all beets produced in Canada. Alberta probably gets a little better price for her sugar, but they have added freight rates and higher sugar prices; and after all the contract price of beets is based on the selling price of sugar. Sugar is selling in the retail stores to-day at eight cents a pound, which with one cent off for excise tax would make it seven cents.

The outlook for the Ontario crop is not too good, for many reasons. Labour is quite a problem. The crop must compete for labour with other crops in the district, such as corn, tobacco, beans, tomatoes. Mechanized equipment can be used for many of these other crops, whereas a lot of the work of growing beets must be done by hand. Ontario has a total capacity of 45,000 acres for growing beets. But I do not think we shall have more than 15,000 to 18,000 acres in beets in Ontario this year.

We have two refineries in Ontario, one in Wallaceburg and one in Chatham, both of which should operate at full capacity.

It is a mistaken idea that if we produce 290,000,000 pounds of sugar in Canada we shall have all the sugar we need, because all this sugar must go into the pool and be allocated by rationing. It is estimated that the Cuban yield will be 5 million long tons. If we produce our maximum amount of sugar and the United States produce their maximum amount of sugar, we probably could have our sugar ration increased.

Mr. MacNICOL: What is the United States maximum?

Mr. MacKENZIE (Lambton-Kent): Last year the United States had thirty-two beet refineries which never operated at all. This year they are trying to get them all into production. I am not sure how they are getting along. One of the things we tried to do to increase our sugar-beet production this year was to suggest to the wartime prices and trade board—I am going to find fault with the board in this matter because it seems the proper thing to do—

Mr. ABBOTT: It is fashionable at any rate.

Mr. MacKENZIE (Lambton-Kent): I feel that I should find fault with the board because the United States in order to increase its beet sugar production offered ration-free sugar to producers of beets. Anyone who produced one acre or more of sugar beets would get a free ration of sugar of twenty-five pounds per person. We made the suggestion to the wartime prices and trade board that a similar scheme should be adopted in Canada. The sugar controller was of the opinion that it would help.

Mr. MacNICOL: What does the hon. member mean by twenty-five pounds per person? Does he mean twenty-five pounds per person on the farm?

Mr. MacKENZIE (Lambton-Kent): On the farm. Each extra acre of beets would produce around forty hundredweight of sugar, and if there were four people in the family, that would mean four twenty-five pound lots of free-ration sugar for them. They would put forty extra hundredweight into the pool and take one hundredweight out. That would mean that there would be thirty-nine extra hundredweight in the sugar pool.

The chairman of the board said that that would be discriminatory. He asked, why should people in fruit districts in Niagara, for instance, not get as much sugar as the people who produced sugar beets in Kent, Lambton or Essex? It would be discriminatory in the narrow sense, but if you produced a good many more acres of sugar beets you would be producing a lot more sugar, and in the long run it would not be discriminatory. In the long run we would have a greater supply of sugar. We could have adopted that policy which they are following in the United States. It is too late to do it this year. It would not probably have affected large operators, but it would have induced a great many small farmers who are not in the sugar beet business to produce one or two acres in order to get the free-ration sugar. Each extra acre would put forty hundredweight into the pool and probably take one hundredweight out. I am anxious to see how it works out in the United States.

There is one other thing I would mention in closing. If we want to get the industry back on a sound basis and want the beet growers to have confidence in the refiners, the Department of Agriculture should provide inspectors to go through the plants when the processing season is on for three or four months in the fall of the year and test the beets so as to assure the growers that they are getting a proper test of sugar content. The question is raised, of course, that that may be true of cream and what-not, but the fact remains that cream producers have a choice of where they are going to send their product; the beet grower has none. I am quite sure that the refiners themselves would agree to that. It is the old story; people feel rightly or wrongly that the testing is all done by the refiners; there is no other way of shipping their beets; they must take it, whereas if the government had an inspector there to test those beets as they were processed and assure the growers that they were getting full value, it would do much to restore confidence on the part of the growers.

I believe that we can grow sugar to-day in Canada successfully and economically. The refinery in Wallaceburg has operated successfully since 1903. The only year that it did not operate was 1942, owing to the lack of sufficient beets. Costs of production can be greatly reduced, with the new system of planting, with new split seed, by which they avoid the clusters. They are doing away with all the back-breaking labour; in Idaho they have a mechanized outfit which will pull beets, top them and load them in one operation. If that is developed in this country, I believe the government would be well advised to hang on to the beet industry, because it will play an important part in the post-war world and will absorb some of the labour which is bound to be a problem in the years of reconstruction. I call on the government to give the industry every assistance. Here are the figures covering the two refineries in Ontario for the 1940 crop only:

To beet growers—cash paid for crop	$2,590,986
Supplies—coal, lime, bags, etc.	659,261
Freight to railways	380,332
Labour—Factory and office payroll	655,746
Total	$4,286,325

The industry, I feel, is one which the government would be well advised to keep in operation and give all the support it possibly can.

Mr. HANSON (York-Sunbury): Before the committee takes recess I wish to ask one question with respect to the sugar stabilization fund. Perhaps the parliamentary assistant has not the information, but this is what I want to know. It will be recalled that in the earlier stages of the war the sugar controller bought all the stocks in hand from the refineries and sold them back at an advance of half a cent a pound. The result was that several million dollars were collected; I had the figure once, but I am not sure what it is; perhaps the parliamentary assistant will let us know. I wish to be informed as to the purpose of establishing that fund at that time; has the same practice been consistently followed out to the present time; how much, if anything, has been disbursed in the interim; and how much remains? I should like to have a break-down of the disbursements; because, after all, the price of sugar was raised to the consumer to take care of that special fund; it did not come from the government

or out of taxation; it was taken from the consuming public, who paid it in every purchase that it made.

Mr. ABBOTT: If my hon. friend will let that question stand I will get the information.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. BLACK (Cumberland): I wish to bring before this committee a matter which comes under the heading of "administration", for which there is an appropriation of $15,600,000. Under this heading the board makes expenditures of $156,600,000. Then there are additional subsidies of over $70,000,000 for food products in the Department of Agriculture. The board deals with the cost of living down to empty beer bottles and I am expected to discuss beer bottles although I am not an authority on this article.

The liquor business is the biggest business in which the government of Nova Scotia deals. Last year total sales amounted to $15,324,147.68. In this sum is the enormous outlay of $7,699,497.85 for beer. It is estimated that the containers for this beer are estimated to be worth at least $1,000,000. The profits in handling the empties would be from $50,000 to $100,000 a year for the entire province. The wartime prices and trade board issued an order, No. A 236, in June, 1942, regulating the handling of liquor, wine and distillers' bottles, with no special reference to ale or beer bottles. This was a general order, I understand, applicable to the whole of Canada. It was cancelled soon after, since the supply of such bottles was sufficient to meet the needs of those requiring them.

On December 7, 1942, the wartime prices and trade board issued a further order, No. A-505, applicable only to the provinces of New Brunswick and Nova Scotia. It controlled the purchase, shipment and sale of the empty beer bottles in the two provinces. Prior to that they were sold without any control from the wartime prices and trade board and could be shipped out of the province. I am not objecting to that order if it were administered in the way it was intended so as to give producers of beer in those two provinces their requirements. New Brunswick administered this order in the spirit in which it was issued. They recognize nine dealers in the province, namely, Thomas Buraglia, Bathurst; A. Freedman and Son, Saint John; J. Omer Guidry, Campbellton; Hachey Bros., Chatham; Fred Levesque, Edmundston; W. G. McIntyre, Saint John; J. A. Robichaud, Rexton; G. Rubenstein, Chatham, and Harry Ruch, Moncton. In Nova Scotia no such condition prevailed. The orders of the wartime prices and trade board have been grossly abused, creating a monopoly under the control and for the profit and patronage of a notoriously partisan political friend of the government of Nova Scotia, namely, W. B. Moriarty, for the whole mainland of Nova Scotia. Complaint was made to me. About three weeks ago, after several efforts, I got in touch with the chairman of the board, Mr. Donald Gordon, over the telephone. I told him that I was getting complaints and as a member of parliament I would like to get some information and justification for the order. He said that he had had complaints *ad nauseam,* that he was leaving the matter to the authorities in Nova Scotia to justify and that he did not wish to discuss it with me.

I have been before the public for twenty years as a member of the provincial legislature and of this house. I was a minister of a department for over eight years. In all that period I was never treated with such discourtesy by an official. I am not going to blame Mr. Gordon altogether, because I feel that he was put into a position that he could not justify, and that, therefore, he did not wish to discuss it. That is the only explanation I can give of his treatment of me. I told him that I was a member of parliament and that I wanted information in order to understand the complaint. After that I put certain questions on the order paper and asked for the return of all correspondence, which I have received and been able to look over to-day. It was brought down by the parliamentary assistant to the minister yesterday. He very kindly spoke to me about it and asked me if the information in the answers to the questions and in the return were what I wanted. They are what I wanted but I have not had time to study them fully. I did notice, however, that in some of the correspondence reference is made to other correspondence on certain dates, and that correspondence is not on the file. At a later time I shall be able to go over it and see what additional information I require. I assume that the parliamentary assistant to the minister will see that I get it.

There is in this return of correspondence over eighty copies of correspondence and I have not had an opportunity to examine it thoroughly. I am now going to make a summary. First, there is the Minister of Finance. He is in charge. I understand he has general

oversight of the wartime prices and trade board. I do not hold him responsible but I believe that he is being duped. Next, is the wartime prices and trade board under the chairmanship of Mr. Donald Gordon. Third in line of responsibility of handling these beer bottles in Nova Scotia is the chief commissioner of the liquor commission in the person of Mr. A. S. Mahon, of Halifax, who was a political appointee. As such I have no quarrel with him if he were administering the affairs of the province in peace time. But in administering a war order in war time under these circumstances, to prostitute the wartime prices and trade board as he has done, acting for Mr. Moriarty, I say it is discreditable to this war parliament, and I ask that he be dismissed from that position and that someone in whom the province of Nova Scotia and the country has confidence be appointed to administer that responsibility. I would suggest that Mr. Lee be appointed. He represents the board in Nova Scotia. I would favour his appointment or that of any capable man who has some sense of responsibility, free from political bias. W. Stanley Lee is the prices and supply representative of the wartime prices and trade board, Cunard building, Halifax, Nova Scotia. He would be satisfactory, or any man irrespective of politics who would administer these duties in time of war with some sense of responsibility. The fourth man in the line appointed by Mr. Mahon is Mr. W. B. Moriarty, president of the Provincial Bottle Exchange, Limited, who played outright politics and favouritism and does not represent that he does anything else. He does it for profit and he is doing it under the wartime prices and trade board. I hold the Minister of Finance responsible and I hold Mr. Gordon responsible. I hold all those who are over him responsible. This man Moriarty undertook to give instructions of a dictator as soon as the order was passed to those who were handling bottles in Nova Scotia. In New Brunswick they did not do that. They worked with those who had been in the business, but not so Nova Scotia. He made use of this order to put a legitimate dealer, with whom Mr. Moriarty was not in sympathy, out of business, a man who had the previous year shipped up to 200,000 dozen empty beer bottles out of the province and who the year prior to that had sold 170,000 dozen altogether, of which 110,000 were marketed in Nova Scotia and 60,000 exported. I have the exact figures of what was shipped during seven months of the year 1942, and it bears out the statement that I have made.

Now, when this order was put into effect Moriarty telephoned or got in contact with this firm, John Ross and Sons, that had been in the business which I have just described in Truro and told them that they were not permitted to ship any more. They had at that time 50,000 or 60,000 dozen bottles on hand. They had a carload loaded on the rails, but they could not get a permit to ship that one carload. They had to unload it, and they were forced to do so in the name of the wartime prices and trade board order.

Mr. ABBOTT: Moriarty is not an official of the wartime prices and trade board.

Mr. BLACK (Cumberland): He is, when they recognize him. The Minister of Finance recognizes Mr. Donald Gordon; Mr. Donald Gordon recognizes Mr. Mahon; Mr. Mahon appoints Mr. Moriarty as his representative on the mainland of Nova Scotia, and therefore I hold the Minister of Finance and his parliamentary assistant responsible.

Mr. ABBOTT: I shall reply in due course, when my hon. friend has finished, but I am just pointing out that Mr. Moriarty is not an official of the wartime prices and trade board.

Mr. HANSON (York-Sunbury): He is the only man allowed to buy bottles on the mainland. He has a monopoly.

Mr. BLACK (Cumberland): Mr. Ross wanted to come to an understanding with the wartime prices and trade board; he wanted to abide by the rules, and he endeavoured to obtain recognition. He continued to buy from his clients and accumulated a supply of almost one hundred thousand dozen bottles. He had $40,000 invested in these bottles and could not dispose of them. The question arose of what he was to do with them; he either had to go into bankruptcy or knuckle down; accordingly he knuckled down and came to terms with this man Moriarty in order to ship his stock on hand. This was shipped out of the province to Moriarty's orders at a profit to Moriarty of from $50 to $100 a car. His stock on hand ran to twenty-five cars or more at that time, with a very much larger quantity purchased afterwards. This man Moriarty never had to raise his finger, except to telephone and give shipping orders; yet he got a rake-off of $50 to $100 a car.

This order was passed under the plea that the bottles were required for the brewers in Nova Scotia and New Brunswick. That may be partly so. Mr. Ross was prepared to ship to the firm in Halifax, through Mr. Moriarty, but he wanted to ship out of the province to his own customers. Prior to this order A-505 he had been shipping a large quantity out of

the province direct to brewers. When the order was put into effect he was completely cut off from that business and he either had to hold his goods or sell them to the firm of Moriarty. I have some correspondence here, giving further particulars with respect to this business. Prior to the original order of 1942 Mr. Ross was selling to firms in central Canada, and was sending a considerable quantity to Halifax by truck, handing them over to Mr. Moriarty. He was satisfied to do that, at a reduced price; he was getting a return load coming back, and the business was reasonably satisfactory. But while he was buying in his own territory he was being undermined and interfered with by Mr. Moriarty's other buyers. That was not sufficient to put him out of business, so that Mr. Moriarty or Mr. Mahon or those in authority were able to have this war-time order put into effect. I am now going to read from a letter dated June 26, 1942, to show the dictatorial manner in which this man Moriarty usurped the right to control the beer bottle business in Nova Scotia. The letter is addressed to Mr. Harry Ross, of John Ross and Sons, and I need not read it all:

> I want it definitely understood from this date that you are not to ship any bottles out of Nova Scotia and I want you to let me know how many bottles you have on hand at the present time. I don't wish to have any unpleasantness with you, and I ask your cooperation trusting it will work out to our mutual advantage.
>
> J. B. Moriarty,
> President.

On the letterhead is the "Provincial Bottle Exchange". Here is another letter dated June 17, 1942, I presume from the manager of Canadian Breweries of Quebec, telling the Ross firm that they require more empty beer bottles and indicating that they are prepared to continue to carry on business with them. I need not read the letter; it is available if needed.

Mr. ABBOTT: Are these letters being tabled?

Mr. HANSON (York-Sunbury): The hon. member will hand them to you.

Mr. BLACK (Cumberland): Yes. I have a copy of a letter from Mr. Mahon to Mr. Rosenberg, deputy administrator of used goods, dated June 30, 1942, one paragraph of which reads:

> From the information I have Mr. Ross has only recently been active in the bottle business, and I really do not think we are doing him any injustice in appointing him a B dealer—

That is a dealer who has to sell his bottles at forty cents a dozen as against the ceiling price of forty-five cents a dozen.

—as I do not agree with his statement that the bottle business is his mainstay.

[Mr. P. C. Black.]

I do not think it is for Mr. Mahon or even for Mr. Donald Gordon or the minister to say that because a man has or has not been in business for a long time therefore he is not entitled to sell, during war time, an article that is being salvaged and that is required to carry on our war-time activities. The fact is that Mr. Ross claims he had been in this bottle business for ten years; that he was shipping bottles by the hundreds of thousands of dozens when this order was issued; yet he was refused a permit to ship his goods out of the province, so that unless he came to terms he was put out of business completely.

Here is a letter from Oland and Son, Limited, brewers and bottlers, dated May 5, 1942, addressed to Mr. S. Godfrey, used goods administrator. Oland and Son Limited control two breweries in Nova Scotia, and their main or only outlet is the Nova Scotia liquor commission. They have to be good; they have to do what they are told. They are told from whom they must buy their reclaimed bottles. There is an old saying that there are more ways of killing a cat than by choking it with butter. It was not necessary to have a war-time order to tell the Oland company or anyone else in the province from whom they would have to buy empty bottles. In any event they designate the Moriarty firm as the persons to act for them, and no one else would have any authority to sell beer bottles to a brewery in Nova Scotia. Here is a letter from Mr. H. S. Rosenberg, deputy administrator of used goods, dated May 19, 1942, and directed to Mr. A. S. Mahon. I need not read it all; but this is part of it:

> I am quite prepared to appoint you as our representative in respect of bottles in your province and to give you authority on our behalf to determine what beer bottles may or may not be shipped out of the province, and by whom they should be shipped. Do the Halifax Beverages handle liquor bottles for you? If so, will they now have to turn them over to Mr. Moriarty?

The business is completely in the hands of Mr. Mahon and Mr. Moriarty.

> If J. Ross handles liquor bottles, will he have to do the same? As far as we are concerned, if we appoint Messrs. Moriarty and Cohen—

Cohen is the representative appointed exclusively for the island of Cape Breton.

> —and it is our present intention to do so, all others handling bottles will have to dispose of them through and at the direction of the two authorized dealers. Mr. Cohen says that he is satisfied that Mr. Moriarty will treat the other bottle dealers fairly, and allow them good prices.

I need not read more of that letter. Here is another dated May 22, 1942, also addressed

to Mr. A. S. Mahon, from the same gentleman, Mr. H. S. Rosenberg, reading in part as follows:

In my discussion with Mr. Ross I learned the following:

1. That for some years Mr. Ross has been in the business of reclaiming beer bottles.

2. That his place of business is about eight miles away from camp Debert.

3. That until recently he was paying the camp 30 cents per dozen for large bottles, and paying 5 cents per dozen to the man who arranged to get them, and that he was selling them to Mr. Moriarty for 40 cents per dozen.

4. That Mr. Moriarty has commenced to purchase direct from the camp himself, and that he has raised the camp price by 5 cents and Mr. Ross has had to meet this price. Both of them, incidentally, have broken the ceiling which was established in the basic period.

5. That Mr. Moriarty and Mr. Ross are apparently unable to arrive at a satisfactory arrangement between themselves.

6. That Mr. Ross, for his own protection, has had to arrange to sell bottles elsewhere.

7. That Mr. Moriarty is shipping bottles out of the province.

Mr. HANSON (York-Sunbury): Moriarty?

Mr. BLACK (Cumberland): Yes, Moriarty. I go on:

. . . I was impressed with his sincerity and unselfishness and treated him as an unofficial representative of Mr. Moriarty and yourself. I must admit that when Mr. Ross left me I had the feeling that it was unfair for Mr. Moriarty to enter into Mr. Ross' territory and to outbid him for bottles, forcing him to pay 40 cents per dozen, and then naturally, refusing to pay Mr. Ross any more than that, thus leaving him in the position where he must either continue to pick up bottles and lose money for the privilege, or he must seek a market elsewhere. I felt, that having found the market elsewhere, it was unfair to prevent him from shipping the bottles out. I later learned that there was some feeling on both sides, and that the blame was by no means on one side alone.

The purpose, however, as I interpret it, was to drive Mr. Ross out of business. In the same letter the following appears:

The principle behind our desire to limit the number of authorized dealers is that we would like to find a small number of dealers with large facilities for sorting and handling bottles, and with facilities and equipment for washing bottles. We would then like those dealers to set up collection machinery in all the outlying districts and to pay the freight to bring the bottles in to their warehouses. We were hoping that that would be the case, not only with liquor bottles and wine bottles, but also with food bottles and pharmaceutical bottles as well. We are having pressure brought to bear on us by several members of parliament, asking us to appoint Halifax Beverages as an A. dealer. We are also having pressure brought on us on behalf of Mr. Whitzman. His name had originally been suggested by some of the distillers, and it had been placed on a few of our preliminary drafts.

I have one or two other quotations to read and I shall be through. There is a letter to A. S. Mahon dated July 24, 1942, addressed by Mr. Rosenberg:

I am sorry that you are being given so much trouble by Mr. Ross, but we are also being given trouble. Mr. Ross means nothing to this department. He is however, a citizen of the country, engaged in a certain business, and we have no more desire of hurting him and putting him out of business than of doing that to anyone else. We are anxious to continue existing channels. To put one man out and to put another man in is certainly not our function. I am very much interested in your statement that if I had followed your suggestions the bottle situation could have been cleared up some time ago.

I suppose that was to put Ross entirely out of business.

Naturally that is what I am very anxious to do. I have no knowledge of any suggestions of that type. If I have missed them, would you be good enough to write to me by airmail as to what your suggestions are that have not been followed.

I am proceeding immediately to draft an order in respect of beer bottles, and I shall submit it to you in draft form for your consideration and advice.

Mr. KINLEY: Who wrote that?

Mr. BLACK (Cumberland): H. S. Rosenberg, deputy administrator. Another letter I have here is dated October 31, 1942, addressed to Mr. Rosenberg and signed by A. S. Mahon, chief commissioner, Halifax:

We are in receipt of a letter from Messrs. John Labatt Limited in which they state that they have not received a fair distribution of empties from Nova Scotia. We placed before you as far back as May certain proposals which if they had been accepted I believe would have eliminated our troubles. Our organization that has been functioning in Nova Scotia for the past few years in connection with empties gave every satisfaction, and all that was necessary in my opinion was to make a few changes, which, as I previously stated, was placed before your department without any results.

Is it not about time that this matter was finalized, as the present arrangement is very unsatisfactory.

That is signed A. S. Mahon, giving dictatorial instructions to the administrator.

Here is another letter dated December 5, 1942, signed H. S. Rosenberg, deputy administrator, to John Ross and Sons, Truro, Nova Scotia:

Dear Sirs: We have your letter of December 1st.

That letter is not on file.

The only thing we can say to you is that if you can sell your bottles in Ontario and Quebec, and not in the maritimes, we have no objection to your doing so. Apparently there is no great shortage of bottles in the maritimes at this time, and a number of the brewers in Quebec and Ontario feel that they have not received a proper portion of the maritime bottles for some time.

That indicates the willingness of Mr. Rosenberg and some of those in the wartime prices and trade board to recognize that Mr. Ross, as a Canadian citizen engaged in this bottle business, and having a large stock on hand, had a right to ship them, and they were disposed to grant him that right.

There is one more letter from which I wish to read some quotations. It is dated February 22, 1943.

Mr. HANSON (York-Sunbury): From whom?

Mr. BLACK (Cumberland): It is from R. Geddes addressed to Mr. A. S. Mahon. I quote:

Dear Mr. Mahon:

Developments in the functioning of our order A-505, respecting empty beer bottles, have been such that the question of rescinding it and allowing the trade in these goods to return to the basis on which it was conducted prior to the adoption of our order arises.

The order was instituted, as you know, to ensure an equitable distribution of empty beer bottles collected in your province and in New Brunswick and, in particular to ensure that the supply for local breweries was not drawn away to central Canada markets where excessive demands for beer and potentially limited production of new bottles were then indicated. It was not intended that the order would become an instrument for immobilizing hundreds of thousands of bottles in the hands of a collector or collectors and place them in storage where they are neither at the disposal of your local brewers nor of the central Canada brewers.

That has, however, happened, not because of the order itself but of the administration of it—

I would emphasize that—"not because of the order itself but because of the administration of it."

—which has become entwined with informal arrangements for bottle collection and distribution which had been operative in your province but were neither recognized nor ratified by this order of ours. The order was designed, as mentioned above, to ensure equitable distribution of bottles and, since it is not doing so, but rather achieving the reverse, the question of rescinding it logically arises.

If the situation which now prevails in respect of these bottles is carried to its ultimate, huge stocks of bottles are going to be withdrawn from use and brewers' stocks will have to be replenished by the manufacture of new bottles, with attendant but unnecessary wastage of labour and materials in doing so. We do not wish to see this development carried further and to have one or more dealers become the unwilling hoarders of bottles.

We wished to notify you of our plans for rescinding the order before proceeding with them. The supply situation apparently no longer required the control which the order imposed; while these huge stocks have been accumulating, no evidence of shortages in your province have come to our attention. If it is demonstrated that some measure of control is still necessary, we shall, of course, reconsider the decision. We will await your advice in this connection until March 1st.

[Mr. P. C. Black.]

On the file there are letters from Mr. Mahon —there may be others, I do not know—pleading with Mr. Geddes not to rescind order A-505 which they were administering under such dictatorial powers for the political and financial benefit of some people in the province and certainly not in the spirit of a war-time order that should have the support of everybody in the country, not as a government measure to be administered by partisans, but as an order to be administered in such a manner as to meet the wishes and command the confidence of the people of Canada. The order should command the confidence of those who have contributed to enlistments in our armed forces; it should command the confidence of those who have invested in victory bonds and of those who supported the plebiscite vote. That is what it should do, rather than be for the benefit of those who have for years past administered anything over which they had control on the basis of the greatest possible political advantage. I am sorry to have taken up all this time dealing with beer bottles, upon which I am no authority.

Mr. HANSON (York-Sunbury): The gravamen of the charge made by the hon. member for Cumberland is not against the principle of the order of the wartime prices and trade board but against its operation. In the return made to the questions asked by the hon. member for Cumberland, which was brought down yesterday and from which he has quoted some portions, it is indicated that the purpose of administrator's order A-505 of December 7, 1942, signed by the administrator of used goods, Mr. Godfrey, and approved by Mr. Gordon, was to keep used beer bottles needed for the use of brewers in the maritimes in the maritime provinces and thus avoid the shipment of empties back to Ontario and Quebec and the shipment of additional quantities of new bottles to the maritime brewers. The order applied not only to Nova Scotia but to New Brunswick. For some reason unknown to me, and possibly with the best intentions, in each case the chairman of the provincial liquor commission was appointed the representative of the wartime prices and trade board. In the case of New Brunswick it was Mr. R. G. Fulton, and in the case of Nova Scotia, Mr. A. S. Mahon.

Mr. KINLEY: For this purpose only?

Mr. HANSON (York-Sunbury): For this purpose only.

Mr. KINLEY: Very natural.

Mr. HANSON (York-Sunbury): I do not think it was natural; I am surprised it was done. As far as Mr. Fulton was concerned, I think he operated the order, not only to the satisfaction of the suppliers but to the satisfaction of the brewers and the public generally. He recognized all the established dealers in New Brunswick who were collecting beer bottles. I assume that he saw to it that the two New Brunswick breweries, which by the way are operated by the Oland family, who also operate one if not the two breweries in Halifax—it is an old family custom—were properly looked after. Permits were issued to each of the nine dealers to sell the breweries beer bottles. There has been no complaint either as to prices or otherwise.

However, in Nova Scotia, a different policy was adopted by Mr. Mahon. In the first place, Mr. Mahon recognized only one A class dealer, his friend, Mr. Moriarty, who was given a monopoly. The gravamen of the charge made by the hon. member for Cumberland is that a monopoly was placed in the hands of the Provincial Bottling company, if that is its name, owned and controlled by Mr. Moriarty and his friends, and that the other dealers who collected bottles in Nova Scotia were refused licences to sell direct to the breweries.

Mr. BLACK (Cumberland): On the mainland of Nova Scotia.

Mr. HANSON (York-Sunbury): I must limit my statement to the mainland of Nova Scotia. In Cape Breton my old friend Myer Cohen, who used to be a Conservative when he lived in Saint John and who became a Liberal after he went to Nova Scotia, was able to carry on. He was a very good worker in the ranks of the Conservative party when he lived in Saint John, but he is now a Liberal since he got this concession from the government.

Mr. KNOWLES: There is no difference between you anyway.

Mr. HANSON (York-Sunbury): Maybe there is not, but you are a poor judge. You are not going to interrupt me by saying that. As I say, a monopoly was created in Nova Scotia, and no one could ship a single bottle out of that province although bottles were accumulating that were not actually required by the breweries. That is one point that I wanted to make. Mr. Mahon refused to allow other dealers to ship surplus bottles out of the province to the breweries in central Canada which actually required them. The correspondence shows that they were asking for them. These breweries felt that they had not had their fair share of the distribution. That is the first charge, that a monopoly was created.

The effect of creating that monopoly was this. The selling price of these bottles was forty-five cents a dozen—I can be corrected if I am wrong—and Moriarty, without any investment of capital, without doing anything except using the telephone and keeping his books, was able to buy bottles from these people for forty cents. He thus had a rake-off of five cents a dozen, which is substantial because it would amount to from $60 to $100 a car. Not content with his monopoly, not content with his unearned profit or increment, he went out into the territory and bid against the other dealers for surplus bottles which they could not buy at the price at which they had to sell to him. That is to say, he was offering forty cents a dozen which was all the other men could get. He was assured of a profit without any sense of loss because he had a sure customer. All he had to do was to turn over the bottles to the brewers at forty-five cents a dozen and pocket the profit.

I am not going to blame Mr. Donald Gordon for the inception of the theory on which he was proceeding. He wanted to conserve beer bottles for the maritime breweries. It is the instrument which he set up to deal with the matter about which complaint is made. This has had the result of driving honest dealers out of business, while his chosen instrument—a common phrase in this house at times—was given a monopoly which gave him anywhere from $50,000 to $100,000 a year. I hope he is paying income tax on that profit. If he is not, someone ought to direct the attention of the Department of National Revenue to the fact.

The time arrived shortly after when the situation which made necessary the order was no longer in effect. Because of the large number of newcomers to the province, especially to Halifax, and the two great military camps, there was always a surplus of bottles after a certain period of time after the order was passed. This correspondence indicates that there was no longer any necessity for the order, and responsible officials here in Ottawa sought to have it rescinded and indicated their intention of so doing.

But they were probably over-persuaded by Mr. Mahon not to do any such thing but to continue the arrangement he had made, under which his friend Mr. Moriarty obtained a profit of five cents a dozen on all the empty beer bottles which he chose to take and which he supplied to the brewers in Halifax, shipping the rest out of the province. He had a monopoly not only for the local market but for the surplus which he acquired from the sources I have indicated and which he shipped out of the province. The whole thing became

a racket; there is no doubt about that, and it ought to be ended if it has not been ended before. I suggest to the parliamentary assistant that if he becomes seized of all the facts he will recommend to Mr. Gordon that the order be rescinded forthwith, taking care that a sufficient number of bottles are provided for the breweries of Nova Scotia. But let them buy the bottles by contract from the recognized dealers. They will get the beer bottles all right; there is no doubt about that, and the ceiling price will be adhered to. I have heard no complaint about the price. The complaint is that these men are no longer able to deal directly with the brewers who must deal through one funnel and pay a toll to the proprietor of that funnel. That is wrong if it be a fact, and I have no doubt it is a fact.

What should happen is this. The order should long ago have been rectified and permits should have been issued to these men to deal directly with the brewers and ship their surplus out of the province. That would be fair play and British justice.

I said in my opening statement that I have no fault to find with the underlying intent of the order at the time it was made, because no doubt it was passed on representations that were made by responsible people, we will say, to the wartime prices and trade board that there was a scarcity or threatened scarcity of beer bottles in Nova Scotia. That situation has been rectified. It no longer obtains. The necessity for the order therefore no longer exists. Certainly by the cancellation of that order a great injury to the local dealers on the mainland of Nova Scotia will have been rectified.

The plea I make to the minister is that he ask Mr. Donald Gordon to review the whole position and to put it on the same basis as the operation in New Brunswick, namely, that all the established dealers collecting empty beer and liquor bottles in Nova Scotia be recognized; that permits be issued to them; that they be allowed to sell at the ceiling price to the brewers direct, and not through one chosen instrument as is done in Nova Scotia, and that they be allowed to export the surplus to breweries in any part of Canada. That is a fair statement of the position as it ought to be and as it exists in New Brunswick, where there is not a single complaint so far as I am aware. That is the situation as it ought to be in Nova Scotia, where there is nothing but turmoil in this business owing to the fact that unwittingly—I go that far—Mr. Gordon allowed himself to be led into this position. No wonder he refers to this beer bottle question, with all the complaints he has received, as nauseating. I have no doubt that it would be nauseating to any man who had found that he had made a mistake and did not rectify it. I suggest to the parliamentary assistant that the position can be very easily rectified, if it has not been rectified already. You cannot undo what has been done, of course, but I rather suspect that steps have already been taken to rectify the situation. I do not know. The parliamentary assistant shakes his head. Then he is perpetuating, I suggest to him, a gross injustice to a dozen dealers in Nova Scotia who are just being crowded out of business for the benefit of one particular pet of the chairman of the Nova Scotia liquor commission. I do not know anything about Mr. Moriarty's politics, but I know that my hon. friend the member for Cumberland is well versed on things political in Nova Scotia.

An hon. MEMBER: Moriarty must be a good Irishman.

Mr. HANSON (York-Sunbury): That does not make a bit of difference. If he is an Irishman or of any other nationality it is all the same to me. I do not know whether Ross is a Scotsman or an Englishman or of any other nationality. It does not make a bit of difference. I am not going to be drawn into a discussion like that.

Mr. MACKENZIE (Vancouver Centre): Be careful about the Ross's.

Mr. HANSON (York-Sunbury): They are a great clan, are they not? There are a good many here in this house. It is a good name so far as I know; I am not saying a word against it. I suggest to the parliamentary assistant that unwittingly a monopoly has been created and that because of that a grave injustice has been done to some of the citizens of Nova Scotia, an injustice that ought to be rectified.

Mr. ISNOR: Mr. Chairman, I have not had an opportunity of looking over this return.

Mr. HANSON (York-Sunbury): Neither have I.

Mr. ISNOR: Therefore I am not in a position to discuss it as intelligently perhaps as the hon. member for Cumberland. I rose not to defend order A-505 but rather to protest against the narrow partisan attack made by the hon. member for Cumberland on a very fine citizen of Halifax, Mr. A. S. Mahon, chairman of the Nova Scotia liquor commission. The people of Halifax and, I believe, throughout the province of Nova Scotia will resent the very narrow partisan manner in which the hon. member for Cumberland has

brought this matter to the attention of the committee this evening. Let us deal with the hon. gentleman's own record in handling affairs of this kind. He told the committee that he had been in public life in Nova Scotia for many years, and so he has been. I remember that I sat on the opposite side to him in the legislature of Nova Scotia when he as minister of highways of the province carried on in the most partisan way perhaps of any minister we ever had.

Mr. GRAYDON: Mr. Chairman, I do not know how far you are going to allow matters to be discussed that have nothing to do with the item under discussion, which has to do with the administration of the wartime prices and trade board. The senior hon. member for Halifax is now dealing with something that happened in Nova Scotia many years ago, which has nothing whatever to do with the item before us.

Mr. POULIOT: "Partisan" is the highest compliment that could be paid to a politician.

The CHAIRMAN: On the point of order raised by the leader of the opposition, I believe it is the wish of the committee that we keep as closely as possible to the item before the Chair and I would ask hon. members therefore to limit themselves to the discussion of empty bottles for the time being and complete it.

Mr. ISNOR: I propose, Mr. Chairman, to keep within the limits of the debate as carried on by the hon. member for Cumberland. He brought into the discussion the matter of his public life and I am simply answering his statement. I was going on to say that I consider him as of a very fine type, if the hon. leader of the opposition had restrained himself for a moment—

Mr. GRAYDON: I knew what you were coming to.

Mr. ISNOR: You thought I was going to play politics.

Mr. HANSON (York-Sunbury): What you are doing is coming to the defence of your friend Mr. Moriarty.

Mr. ISNOR: I wanted to ask questions of both the hon. member for Cumberland and the hon. member for York-Sunbury, who stepped out of his province of New Brunswick into Nova Scotia to support the political speech made by his colleague the hon. member for Cumberland, but I did not interrupt. I hope that the leader of the opposition will pay me the same compliment.

I should like to deal with the public life of the hon. member for Cumberland. He was minister of highways of Nova Scotia.

Some hon. MEMBERS: Order.

Mr. ROWE: The Chairman has ruled against that already.

Mr. ISNOR: The hon. member brought it on himself.

Mr. HANSON (York-Sunbury): That does not make any difference.

Mr. ISNOR: You started it.

Mr. HANSON (York-Sunbury): I did not start anything of that kind.

Mr. ISNOR: The same procedure was carried on after the introduction of the Nova Scotia liquor commission act, which was brought into effect by the party to which the hon. member for Cumberland belongs.

Mr. BLACK (Cumberland): Mr. Chairman, that was not done under a war-time order. A minister in war time represents all the people, all the taxpayers of the country. That is so even if your statement were correct.

Mr. ISNOR: The hon. member admits my statement is correct; and he appointed one.

Mr. BLACK (Cumberland): I said, "if" it were correct.

Mr. ISNOR: He appointed one person only to handle all bottles throughout Nova Scotia. He knows as does everybody else that the brewing concerns of Oland and Son and O'Keefe's buy bottles. From the questions and answers we find that two persons were appointed in Nova Scotia, one for the mainland and one for Cape Breton—a very easy method of taking care of the bottle situation.

Mr. ROWE: Evidently.

Mr. ISNOR: We find that the hon. member has a friend in Colchester county, or a firm, of the name of John Ross and Sons.

An hon. MEMBER: Is that his name?

Mr. ISNOR: Well, I will not say; he goes under the name of "John Ross and Sons". Who was he in competition with? With whom has he been in competition in the short period he has been in the bottle business? He operates, as the hon. member for Cumberland says, just outside camp Debert. A returned man, a veteran of the last war, had been carrying on business at Debert; but John Ross and Sons were not satisfied with the business which they were getting elsewhere; they made a dead set at the business at Debert, thus doing the very thing which the

hon. member complains of others doing. Ross tried to take the business from this ex-serviceman who had already had connections at Debert camp. Not only did Ross try to take it from an ex-serviceman in Colchester county, but he went to New Glasgow, where another ex-serviceman with a large family was struggling along at the bottle business. John Ross and Sons came in and tried to take the business away from this ex-serviceman by offering to pay more for the bottles.

The hon. member for Cumberland has characterized the action of which he complains as done for political gain. Such terms should be used with a greater sense of responsibility as regards these two fine citizens, men who are held in high esteem—the chairman of the Nova Scotia liquor commission, Mr. A. S. Mahon, and Mr. W. B. Moriarty, a man who has been a well known sportsman for years, a prominent oarsman, and is still closely associated with sport in general, as well as enjoying a high reputation in the business life of Halifax. As I said before, I believe that the citizens of not only Halifax but the whole province of Nova Scotia will resent the partisan attack made by the hon. member for Cumberland on these two gentlemen.

I was surprised to hear the hon. member for York-Sunbury say that there was no expense in connection with this transaction, that there was a five cent per dozen profit. Surely he must know that if bottles are to be collected in large quantities for shipment, they must be stored.

Mr. HANSON (York-Sunbury): They came in carload lots right to the brewery.

Mr. ISNOR: He has a very large warehouse; he has equipment for washing them; he must collect these bottles and crate them. This necessitates help, which costs money. All these things add to the overhead. I do not know whether his overhead amounts to four cents a dozen or four and one-half cents a dozen, but to say that he does this without cost is ridiculous, and it shows that the speeches of the two hon. members are nothing more or less than partisan attacks.

An hon. MEMBER: How much did he put in the campaign fund?

Mr. HANSON (York-Sunbury): Unless you put it in your campaign fund?—somebody asks.

Mr. ISNOR: Would the hon. member repeat that? He hesitates to do so. We always hear these "yap yaps" from the bushes.

Another rather ridiculous statement was that the profit amounted to $100,000.

[Mr. Isnor.]

Mr. ROWE: It depends upon how many bottles he had.

Mr. ISNOR: I do not know whether the parliamentary assistant to the minister is going to be in a position to state the profit. The total shipments in terms of numbers of dozens at such and such a gross profit, less the operating expense, would be easy to compute. But I am satisfied that neither the Provincial Bottle Exchange at Halifax nor the Consumers' Bottle Company, Sydney, nor the two combined, would make anything like $100,000 in any one year; nor do I believe that the firm in Halifax would make $50,000, or $25,000. The profit is a long way from $100,000.

Mr. HANSON (York-Sunbury): That is your opinion. Do you know how much they make?

Mr. ISNOR: My opinion is as good as yours in this case. I am talking common sense.

Mr. HANSON (York Sunbury): You are trying to minimize it; that is all.

Mr. ISNOR: I am just trying to be fair to those whom I know. Apparently the hon. member who has just spoken does not know either gentleman very well.

Mr. HANSON (York-Sunbury): No, I do not know them, and I do not want to, either.

Mr. ISNOR: I am in a position to speak for them, and I intend to defend their good name.

Mr. ROWE: You are only guessing how many bottles there are.

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. ISNOR: We always hear a little roar from the hon. member for Dufferin-Simcoe.

Mr. MACKENZIE (Vancouver Centre): Once a month.

Mr. ISNOR: But he does not know a thing about it.

Mr. ROWE; Neither do you. You do not know how many bottles there were.

Mr. ISNOR: I know quite a little about it.

Mr. ROWE: Maybe you had better tell the rest.

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. ISNOR: The hon. member speaks of a "rake-off". What does that mean? Just a political term, I suppose.

An hon. MEMBER: We all know what it means.

Mr. ISNOR: I do not think the hon. member means that. I do not think he would stoop to speaking in terms of insinuation. I should not like to charge the former chairman of the Nova Scotia commission, who was appointed by my hon. friend's party, with looking for a rake-off.

Mr. HANSON (York-Sunbury): I do not think he suggests that Mr. Mahon had a rake-off.

Mr. BLACK (Cumberland): I rise to a point of order. I did not accuse Mr. Mahon of a rake-off. I said Moriarty got a rake-off from the Ross firm in Truro on bottles that he shipped, running to many, many carloads, which he never saw and never touched; all he did was to give telephone orders to bill them out, and he got a profit of fifty to a hundred dollars per car, and that is what I called a rake-off. Whether that is a proper description of the transaction I cannot say.

Mr. ROWE: And he did not even wash the bottles.

Mr. ISNOR: I think we will allow the record to speak for itself. I would deal with it in a business way and in a different manner. I would say that if Mr. Moriarty or this bottle exchange firm in Halifax is getting a commission of five cents a dozen, fine and dandy.

Mr. HANSON (York-Sunbury): Good money, eh?

Mr. ISNOR: Good money—gross.

Mr. HANSON (York-Sunbury): That is what we say.

Mr. ISNOR: Until we know what the overhead is.

Mr. HANSON (York-Sunbury): Do you know?

Mr. ISNOR: No, but I have enough common sense and business experience to know you cannot run a business without overhead.

Mr. HANSON (York-Sunbury): A telephone and office stool, I suppose.

Mr. ISNOR: The hon. member for Cumberland also used the term "any decent man," implying that neither Mr. Moriarty nor Mr. Mahon was a decent man. I did not rise, as I stated, to argue for or against order A-505. From what I have heard it appears to me that it must be an order that is bringing about the results desired, namely, collecting bottles in an orderly way and disposing of them, whether done through Mr. Moriarty, who is a good Liberal, and I admit it. He has good sense; I will say that for him. There is nothing wrong with that.

Mr. GRAYDON: Do not cast reflections on him now.

Mr. ISNOR: The hon. members cannot take it. The hon. member says, "We do not want a Liberal; we want some other person." He then names another gentleman.

Mr. MACKENZIE (Vancouver Centre): Another Tory.

Mr. ISNOR: No; we do not consider him as one.

Mr. MACKENZIE (Vancouver Centre): Recognize a Tory, that is all.

Mr. ISNOR: I have nothing further to say. I want to bring to the attention of the committee the fact that both these gentlemen referred to in such a slighting manner—

Mr. HANSON (York-Sunbury): I did not refer to them in a slighting manner at all. I do not know either one of them.

Mr. ISNOR: The hon. member for York-Sunbury was not the only speaker.

Mr. HANSON (York-Sunbury): I thought I was referred to.

Mr. ISNOR: Those gentlemen referred to in such a slighting manner are respected citizens of Halifax, and it is not becoming that any hon. member, particularly an hon. member from Nova Scotia, should refer to them in the terms used by the hon. member for Cumberland this evening. It is all the more surprising that the hon. member for Cumberland should have used that language because, as I said before, I sat on the opposite side of the house on more than one occasion when he was a member of the government of Nova Scotia. I sat on the government side when he was in opposition, and this evening I am sitting on the government side and he is sitting in the opposition. He has done to-night just what he has done in Nova Scotia in the long period of his public life service, namely, played party politics in a narrow partisan manner.

Mr. BLACK (Cumberland): If we are going into the record of hon. members of this House of Commons I should like to have a little time and I would go into the hon. member's record, too. If he wants some exposure on the floor of this House of Commons, I will expose him.

Mr. ISNOR: I did not finish what I intended to say. In conclusion, may I say I was speaking in a political sense. I want it distinctly understood I was speaking of the hon. member in a political sense.

Mr. HANSON (York-Sunbury): This is part of the war effort—salvage.

Mr. MACKENZIE (Vancouver Centre): It was started on that side.

Mr. ISNOR: The hon. member is continually playing party politics.

Mr. ROWE: You should ration that part of it.

Mr. HAZEN: It is quite apparent from this discussion that this order is being administered in Nova Scotia to create a monopoly and give one firm an opportunity of making from $50,000 to $100,000 a year and put out of business all other legitimate dealers. Now, that is plain party politics. If to complain of a situation of that kind is playing party politics, I do not know what party politics is.

When the ceiling price on strawberries in British Columbia was discussed yesterday afternoon in this house the hon. member for Vancouver-Burrard used these words—

Some hon. MEMBERS: Order.

Mr. HAZEN: We are in committee now. The debate yesterday took place in the house.

The CHAIRMAN: What the hon. member is reading took place in a previous debate and it is against the rule to read it.

Mr. HANSON (York-Sunbury): Not in committee; you had better read the rules.

The CHAIRMAN: The same rules apply to the committee as in the House of Commons.

Mr. HANSON (York-Sunbury): No, they do not.

Mr. ROWE: That was only yesterday. The senior hon. member for Halifax was talking about what took place in the provincial house ten years ago.

Mr. HAZEN: We are in committee now, Mr. Chairman, and this is what the hon. member for Vancouver-Burrard said:

> Here you find a typical example of the sort of thing that emanates only from unbridled bureaucracy.

Mr. MACKENZIE (Vancouver Centre): I rise to a point of order. The hon. member is quoting from a previous debate of the present session which obviously cannot be referred to.

Mr. HANSON (York-Sunbury): That is only when the Speaker is in the Chair.

Mr. MACKENZIE (Vancouver Centre): If my hon. friend would give some little time to a study of the rules he would find the same rules apply to committee as when the Speaker is in the Chair.

[Mr. Isnor.]

The CHAIRMAN: I believe that the country, the press and hon. members of the committee are not going to stand very much longer for unlimited repetition. We had a debate yesterday, and I almost gave a ruling this afternoon against the hon. member for Fraser Valley for reopening a discussion that lasted almost two hours. I hope we shall not have any further reference to a previous debate but that we shall continue with the discussion of the item that is now before us.

Mr. HAZEN: I say this is a case in which we find an example of unbridled bureaucracy and this is a case in which we find a violation of what was intended by this particular order. Surely the Minister of Finance or his parliamentary assistant will not say that this order was intended to create any monopoly in any province or in the provinces to which it applies, namely, Nova Scotia and New Brunswick. Apparently in the way it was administered in New Brunswick it did not create a monopoly there. But in Nova Scotia it did create one. It enabled one man to make a profit of from $50,000 to $100,000 and put every other legitimate dealer out of business.

Mr. ABBOTT: Where are those figures of a profit of $50,000 to $100,000?

Mr. HAZEN: Here are the figures. They were given by the hon. member for Cumberland. He says that the figures show that the amount of beer sold in one year in Nova Scotia amounted to the enormous sum of $7,699,497.55. That was the price which was paid for the beer. He goes on to show that the containers of the beer were valued at about $1,000,000. Does it require any stretch of imagination to suppose that in the handling of those bottles there would be a profit made from $50,000 to $100,000?

Mr. ABBOTT: There is no restriction on the sale of bottles in Nova Scotia.

Mr. HANSON (York-Sunbury): They have to be sold through one dealer and only the brewers could take them.

Mr. HAZEN: Under that order only one man in Nova Scotia could get the regular price for the bottles. Any other dealer in the province who attempted to handle the bottles had to sell them to that man, and as the hon. member for Cumberland says, all that that man had to do was to telephone into one of those other dealers to put up a carload, and as a result of that telephone message he makes a profit of $60 to $120 on every carload of empty bottles that is shipped out of or in the province. That is not a satisfactory state of affairs. The hon. member for Cumberland also said that during the

twenty years he had been in public life—I am going to refer to this because he was dealing with one particular matter when he said that—he had never received such discourtesy as he had from Mr. Donald Gordon when he approached him about this matter. He told us about the conversation. Perhaps Mr. Donald Gordon was not feeling in a very good frame of mind when he had this conversation with the hon. member for Cumberland. I recollect that a little over a year ago an official of the provincial government came up to consult with the wartime prices and trade board. He was an official that had to do with dairy products. After he came back to New Brunswick he made a public statement in which he said he was told by the officials of the wartime prices and trade board that they did not give a damn for the little man or the middleman. I think there has to be notice taken of the rights of the middleman. I say that free competition has to be preserved and that a monopoly created under an order of this kind should not be permitted.

Mr. ABBOTT: I am not an expert in second-hand beer bottles or Nova Scotia politics, but I should like to place before—

Mr. HANSON (York-Sunbury): Deal with Quebec politics.

Mr. ABBOTT: Nor Quebec politics. I am going to place before the committee the position of the wartime prices and trade board with respect to this order. As has been indicated by some of the previous speakers, in 1942 it was brought to the attention of the board that second-hand beer bottles were being shipped out of Nova Scotia to the central provinces.

Mr. HANSON (York-Sunbury): Who brought that to their attention; was it the brewers or Mr. Mahon?

Mr. ABBOTT: That was by the brewers. The situation, as maritime members know, is that beer bottles or bottles of any kind are not manufactured in the maritime provinces, and for a good many years the practice has been, I understand, for maritime brewers to supply themselves with beer bottles which have been sent east from central Canada. In 1942 there was a shortage of beer bottles in central Canada, and the brewers represented to the board that used beer bottles in the maritime provinces were being shipped to the central provinces to such an extent that there was not an adequate supply for the brewers in the maritimes, which meant that new beer bottles would have to be shipped to the maritimes. Obviously this would mean double transportation and inefficiency, and for that reason the wartime prices and trade board was justified in taking the action—

Mr. HANSON (York-Sunbury): Can the hon. gentleman tell me whether Canadian Breweries of Quebec or Montreal are allowed to ship beer to Nova Scotia?

Mr. ABBOTT: I cannot say as to that.

Mr. HANSON (York-Sunbury): That is another monopoly.

Mr. ABBOTT: I know the situation was that second-hand beer bottles were being shipped from the maritime provinces to the central provinces to such an extent that the supply was short.

Mr. HANSON (York-Sunbury): You were told that?

Mr. ABBOTT: That is the information which was given to the board, and I have reason to believe that they verified it. Then order A-505 was passed which in effect did prohibit the export of used beer bottles from the maritime provinces. I want to read to the committee section 4, subsection 2, which deals with Nova Scotia and which is in identical terms with subsection 1 dealing with New Brunswick. This is what the section says:

> Except with the permission in writing, of the chief commissioner of the Nova Scotia liquor commission, no person shall
>
> (a) purchase any used beer bottles which are now or which are hereafter located in the province of Nova Scotia for shipment to any other province;—

In other words, that prohibits the purchase for export.

> (b) ship or cause to be shipped any such bottles to any other province;
>
> (c) knowingly purchase, accept delivery of or have in his possession any such bottles in any other province which have been shipped out of the province of Nova Scotia after the date of this order;
>
> (d) sell any such bottles to any person other than a brewer in the province of Nova Scotia.

Mr. BLACK (Cumberland): Then the hon. member might tell the committee that these brewers are not allowed to purchase except through certain channels.

Mr. ABBOTT: Certainly there is nothing in the order of the wartime prices and trade board to that effect.

Mr. HANSON (York-Sunbury): But there is under the order of the agent of the board.

Mr. ABBOTT: Let me finish my statement. As I say, the wartime prices and trade board was interested in adopting an order which would prevent the waste of shipping facilities

by sending bottles to central Canada and shipping bottles back to Nova Scotia. That was the purpose of this order, and it did not create any monopoly in Nova Scotia or New Brunswick as far as the sale of used beer bottles in those provinces was concerned. If any such monopoly exists it was not created by any order of the wartime prices and trade board. The board is not charged with administering the Nova Scotia liquor commission; or the New Brunswick liquor commission; and identical provisions were established for New Brunswick. The commissioner of the New Brunswick liquor control board has the same powers as the commissioner of the Nova Scotia liquor control board; and the only effect of that order, as far as creating a monopoly is concerned, is that the chief commissioner of the government liquor control board is empowered to say who can export used beer bottles from Nova Scotia. The wartime prices and trade board is completely justified in taking the word of the responsible head of the government liquor commission, who, I assume, is charged with the distribution of beer in the province. It has done so in Nova Scotia and has done the same thing in New Brunswick. I would point out what has not been made clear in any of the previous speeches, that there is no restriction on any dealer in Nova Scotia collecting used beer bottles and selling them to either of the two breweries in Nova Scotia, but he cannot export them without a permit. That is the position as far as the wartime prices and trade board is concerned. The hon. member for Cumberland read a letter from Mr. Geddes, chief of the supply division, I think dated February 22, 1943, in which—

Mr. BLACK (Cumberland): Would the hon. member not agree with my statement that the entire stock of almost one hundred thousand dozen bottles which had been accumulated by Ross was shipped out of the province by order of Mr. Moriarty, and not used by the brewers of Nova Scotia?

Mr. ABBOTT: I do not know anything about the details of how they were shipped; I am dealing with the order passed by the wartime prices and trade board to control a situation which, as I indicated at the outset of my remarks, was resulting in the inefficient use of transportation facilities. I do not know what stock was held by Mr. Ross, my hon. friend's friend in Truro, and I do not know how he disposed of it. I am pointing out to the committee that the wartime prices and trade board was justified in adopting this order; that the order did nothing more than prohibit the export of beer bottles from Nova Scotia, and that it is still in effect.

Mr. HANSON (York-Sunbury): Is there the same necessity for it now as there was then?

Mr. ABBOTT: That is just the point I am coming to now. The hon. member for Cumberland read the whole letter, I think, in which Mr. Geddes stated that information received by the board would appear to indicate that the restrictive order was no longer needed; but following that letter the board received communications from the chief commissioner of the Nova Scotia liquor commission and perhaps others, I do not know, and from the New Brunswick liquor commission, stating that the order was still required, that this surplus in Nova Scotia was purely temporary, and asking that the order be not rescinded. Copies of these letters and telegrams were included in the correspondence which I brought down yesterday; my hon. friend has copies of them. As late as March 21, 1944, we had a letter from the New Brunswick liquor control board, again urging that the order be not rescinded. The information given to the board subsequent to that letter of February 22, from which my hon. friend quoted, demonstrated to the satisfaction of the officers of the board that this restrictive order was still necessary.

Mr. HANSON (York-Sunbury): Did they take steps to verify that?

Mr. ABBOTT: I am informed that they did.

Mr. HANSON (York-Sunbury): What steps?

Mr. ABBOTT: I cannot answer that, but I should think the assurance of the chairman of the provincial liquor commission would be perhaps as good evidence as one could ask for as to the necessity of continuing this order in force. After all he is the man who is responsible.

Mr. HANSON (York-Sunbury): I am not so sure about that.

Mr. ABBOTT: I am not entering into any political discussion about this matter.

Mr. HANSON (York-Sunbury): You know they changed the commission in New Brunswick and got a political appointee there.

Mr. ABBOTT: I suggest that in a matter of this kind the chairman and officers of the wartime prices and trade board are entitled to accept the assurance of the chairman of a

provincial liquor commission, whether the administration in power happens to be Liberal or Conservative. He is the man responsible for the sale and distribution of these beverages, and I suggest that he is a perfectly proper person to whom the wartime prices and trade board should go for information on these matters. As far as the board is concerned the order was passed solely for the purpose of conserving transportation facilities, and it does not affect in any way the sale or disposition of used beer bottles within the particular province concerned. That matter is entirely within the jurisdiction of the province, and as a matter of fact the order which I quoted imposed no restrictions.

Mr. GRAYDON: If the parliamentary assistant is through I should like to bring one or two points to the attention of the committee in connection with this matter. Perhaps the hon. gentleman is carrying his argument a little far when he suggests that this order is being continued in effect because of the problem which exists in regard to the transportation of empty bottles from Nova Scotia to the central provinces.

One instance which will at once disprove any such contention is the fact that while this order was apparently being kept in effect for that purpose, at the same time, the firm which is referred to as the Moriarty firm—I am using that only as a matter of distinction from the others—had shipped empty beer bottles from Nova Scotia to the central provinces and apparently with the consent and by the authority of the Nova Scotia liquor commission or its head, who had been given a special job under the wartime prices and trade board. I point that out to the parliamentary assistant because it fairly well shatters the argument that this order was put into effect for the purpose of conserving transportation between central Canada and Nova Scotia. The fact that there was considerable shipment of empty bottles from Nova Scotia to central Canada also, I think, adds substantial weight to the case put up by the hon. member for Cumberland.

At one time there may have been some justification for order A-505; but, as time went on, the effect of transportation of this product and these commodities from Nova Scotia to central Canada fairly well dispensed with the necessity of continuing the order. That having been the case, the committee must look for the reasons why the order was continued, and those reasons have been supplied by those who know much more about the matter than those of us who have not made a close study of it. As the hon. member for Cumberland and the hon. member for York-Sunbury pointed out, it would have the effect of giving the head of the Nova Scotia liquor commission the right to point his finger to one particular dealer and to say, "Only you may deal with other provinces by way of export of this commodity from Nova Scotia." That had the effect—and I say this in an endeavour to argue the case fairly with all concerned—of establishing a continued monopoly in so far as the man who was pointed to by the head of the liquor commission is concerned.

May I say to the parliamentary assistant, I can understand why the chairman of the wartime prices and trade board would feel very sick, as he said, of telephone calls and being bothered with the matter, because it seems to me, whatever may have been the underlying reason, and I am ascribing no untoward reasons or untoward influence with respect to this matter, that when the wartime prices and trade board saw fit to appoint the head of the liquor commission of Nova Scotia—

Mr. ABBOTT: And of New Brunswick.

Mr. GRAYDON: I am dealing with Nova Scotia, because apparently in New Brunswick they carry on their affairs a little differently and, perhaps, a little more satisfactorily, in regard to their empty beer bottles. In any event, I have no desire to join issue with my good friend from Halifax in what he has said to-night. In the appointment of the head of the liquor commission to a responsible position on the wartime prices and trade board, and the minister having some knowledge, as he must have had, that there was a situation such as this existing in Nova Scotia, what actually happened was that the fingers of the wartime prices and trade board and of this government as well were burned because of the situation that developed.

Mr. ABBOTT: Nonsense.

Mr. GRAYDON: I do not say that in any offensive way. I am simply trying to explain the situation that actually exists because the delivery into the hands of the Nova Scotia liquor control commission of the powers of the wartime prices and trade board with respect to this matter, whether the dominion government likes it or not, placed the whole situation, from the point of view of the government, right into Nova Scotia politics, and it is because of that that the weakness of the whole arrangement becomes so apparent. I rose to ask the parliamentary assistant to investigate the matter thoroughly, and I suggest that if he does so he will find that there is no longer any real necessity for order A-505 remaining in effect. Whatever may have

been its advantages in the beginning, it now operates against the public interest. That I have gathered as I have listened to the convincing arguments advanced in this debate.

Mr. FAIR: If we are now through dealing with second-hand beer bottles, perhaps we can return to the cup that cheers but does not inebriate. A year ago I took up the question of the increase in the price of tea, coffee and milk sold in restaurants in this city and elsewhere across the country. That question is still pricking the conscience of the minister and some members of the wartime prices and trade board as well, because only yesterday, in another discussion, the minister brought up the question again and told us that because the price of meats and other foods had gone up in restaurants they allowed an increase in the price of tea and coffee. This, I believe, was thrown out as a sop to some of the organized restaurant keepers and it did not take into consideration the effect it had on certain victims. I bring this question up now because to-day we have an increased supply of tea and coffee. There is no shortage of either of these commodities. Nor is there any shortage of milk at the present time. Prior to the time the order was put into effect we could go into a restaurant and get one or two or three cups of tea or coffee or we could get additional milk and we did not have to pay any extra money for the coffee we drank.

At the present time we are told that because prices of meat and other foods have gone up, an increase of five cents on tea, coffee and milk has been allowed. Very little consideration, however, has been given to the effect which this has on certain people. The number of people who can afford to eat some of the more expensive foods, including strawberries—something that was discussed yesterday—are now getting away from the increased cost of meals, but those who have to use tea or coffee or milk, and perhaps a muffin or something else for breakfast, or lunch, or perhaps the evening meal, are paying the additional cost. I do not think this is fair, and I ask once more that some consideration be given the matter, because you are penalizing the wrong persons. You are penalizing the poor for the benefit of the rich. If the price of meat has gone up in restaurants, then let the people who have the benefit of the better foods pay the additional prices, and let those who have a cup of tea or coffee, or a glass of milk, and who, in some cases, at the end of the month, after paying their taxes, have little left to buy meat and some of the good foods, be allowed to get their tea and coffee without paying extra.

There is another matter I want to call to the attention of the wartime prices board.

[Mr. Graydon.]

Several complaints have been made to me that in the chart sent out by the board showing the different cuts of animals sold over the butcher's block, the price always quoted is that of the top quality beef or pork, and it does not make any difference whether it is the top grade that is being sold by the butcher or an old milk cow that has raised half a dozen children for some farmer, the price is the same. I think some consideration should be given to this and some attempt made to create a price range according to the grade of meat sold. If you go into a restaurant and order a ham or beef or some other kind of sandwich I think you will find out that what I am saying is correct. If you get your teeth into it you will be lucky to get them out again, and the price will be the same as though you were getting top-grade meat.

Mr. MacNICOL: I suppose you would leave false teeth in?

Mr. FAIR: False teeth are better than none at all. If you have poor teeth, false teeth would be preferable. I do not know whether it is necessary to go on any further, but I ask the wartime prices and trade board to give this matter some consideration. I do not make this plea on my own behalf; I make it on behalf of some of our lower paid workers who, I am informed by those who work in restaurants, have not enough to eat when pay day comes around or for two or three days before. They are unable to buy a decent meal; all they can get is a bowl of soup with muffins or something of that kind. We should take away the penalties from those who are not able to bear them and place them where they properly belong, namely, upon those who eat meat and other foods that have gone up in price.

Mr. MacNICOL: Mr. Chairman, there are two or three items among many I could bring up that I should like to discuss for a moment or two. The first is coal, with which I believe the wartime prices and trade board has something to do. In one of my own buildings, run by a janitor, I burned twelve tons of coal the year before last, a very severe winter. During the winter just passed I burned fifteen tons. The price was the same in both years; the difference in the number of tons was due to the lower grade of coal. The parliamentary assistant knows that last summer everyone was ordered to buy coal earlier. We had to take anything they sent out, but the price remained the same. I believe that in all the coal I used there was a difference of ten to fifteen tons additional. The wartime prices and trade board set the price, but they should have done more than that. They should have seen

to it that the consumer got good coal or had to pay only in proportion to the grade obtained. I think this complaint would apply to many in Canada who burn coal.

My next complaint is about gasoline. When you drive up to a gasoline station to have the tank of your car filled with gasoline you hear complaints about poor gas. I hear them every time I drive to a station. I am getting only fifteen miles a gallon and my car is in A-1 condition and is well taken care of. When the gasoline was better a year ago I used to get up to nineteen miles to the gallon. Yet I am paying the same price. The wartime prices and trade board has set the price of gasoline but it does not say what the octane rating shall be.

Mr. McNEVIN: Get a smaller car.

Mr. MacNICOL: I like to ride in a comfortable car.

My last complaint is in reference to maple syrup. To my mind, producers of maple syrup have been greatly interfered with this year. I buy maple syrup in six-gallon lots. That required twenty-four sugar coupons, but after I got my coupons together I had to drive from one end of the city to the other in order to get some sort of certificate to mail to the farmer producer, so that he could express my maple syrup. That was just a nuisance; it is one of the many things that has interfered with maple syrup and other production and sale. I am quite sure that the same thing would apply to other commodities.

It has been said to-day that many of the officials in charge of the wartime prices and trade board regulations have had very little experience in dealing with the public or in dealing with the commodities under their control. This would not apply to all. I know many of them who are really big men, who have done a fine job, but on the other hand I would judge that many of them are more or less inexperienced. How they came to be taken on the staff I do not know.

Earlier in the day we were given the number of those employed by the wartime prices and trade board. I was just looking up the public accounts for 1943 and I notice it states that the number of employees drawing $2,400 a year and over was 4,769. It does not state how many were drawing less than $2,400. That is a tremendous staff. They may all be necessary, but I am under the impression that this is just another case of governmental interference in business that cannot be controlled and where two men are employed when one is all that is needed.

I have always been an advocate of good salaries. The more a man makes, the more he can buy. However, but I find that of that number of 4,769, between ninety-five and 100 were drawing from $4,000 to $5,000 a year; between twenty-five and thirty were drawing from $5,000 to $6,000; between twenty and twenty-five were drawing from $6,000 to $7,000; approximately five, if I have counted correctly in my hurry, were drawing between $7,000 and $8,000; another five were drawing between $8,000 and $9,000, and one was drawing over $10,000.

I have no doubt that the men in the high income brackets are A1 men. They must be or they would not be in those positions. Quite possibly their salaries are less than they should be, but in the aggregate it is a staggering payroll to anyone who has been connected with big business. I would like to compare this payroll with the payrolls of the New York Central, the General Electric or any one of those huge companies. I doubt if any of those companies has comparably such a colossal payroll, a payroll on which so many large salaries are paid. I am not going to find any fault with it because I like to hear of men getting good salaries. However, I ask this question: when the war is over, how is business to get its staffs back and have them comfortable and happy when they know that such salaries have been paid by the government during the war?

I have nothing further to say other than that I am not going to find any fault with any particular official. These men have had a strenuous time and they have done a very difficult job. I hope they have been doing the best they can, but I do know that the public everywhere are incensed because of regulations which do not seem to be sensible. There may be reasons for them, or for some of them, but the public are not conversant with them. I am thinking particularly of some of the things that were mentioned a short time ago such as buttons on coats, cuffs on trousers and so on. These are only small items in the aggregate. The amount saved in comparison with more or less reckless expenditures in scores of other directions does not commend itself to the public.

Mr. NOSEWORTHY: I sincerely hope that the wartime prices and trade board can survive the attack that was made upon them with empty beer bottles to-night, strawberries yesterday, coal and so forth.

I have moved about the eastern part of the country probably as much as most members. I have had occasion to visit a great many points in four provinces within the last six or eight months, and I am satisfied that in general the people of Canada are supporting

the government's measures and the controls established by the wartime prices and trade board.

I have conversed with many scores of small business men who complain of difficulty in getting all the goods they want and of many of the controls, but a great many of them have admitted quite frankly that but for the controls of the wartime prices and trade board they would probably not be able to get enough to sell, that the fact that they can remain in business under the conditions that prevail in war time is due to the quotas established by the board which entitle them to get goods to sell. I have no doubt that the small business men of the country realize that in times such as these, without those controls, the larger business concerns, the monopoly interests of this country, would have gained a much greater control of our business life than they now have.

I am confident that by and large the consumers of the country are grateful for the rationing which has been adopted. I think the majority of our people, certainly those with limited means, realize that they are enabled through the rationing regulations to get a portion of the goods that are available for sale. I think the general population throughout the country realizes that these controls have effected a stabilization of prices which has had an effect upon the rising cost of living. We have only to compare the cost of living to-day with the cost of living in the last war to realize that there are a great many benefits to be derived from these controls. I certainly hope that the criticism which we hear of the wartime prices and trade board will not have the effect of releasing all these controls too quickly or of releasing too many of them too quickly. I think everyone who has given much consideration to the problems that will face us immediately after the war realize that, in the interests of the country generally, some of these controls will have to be maintained for some time after the war ends, regardless of which government is in power.

I have heard criticism of specific regulations of the wartime prices and trade board and criticism of the administration of specific regulations. I realize, as I think most members of the house do, that in the early days of the board a great many of the positions in its organization were filled possibly by party workers, were patronage jobs, but I have not heard in more recent months nearly as much complaint along that line as I heard at the beginning.

The board has unquestionably made mistakes. I well recall how infuriated the small retail dealers were at some of the regulations that were imposed upon them in the early days of the board, regulations regarding the delivery of goods and so forth, but these I think have been largely ironed out as time went on.

I remember being in the maritimes last fall when the new order relating to dressed and undressed poultry came into effect. It was the talk of the whole of at least two of those provinces. I doubt if any government ever received so much criticism from among the farming people as did this government because of that order. I was asked by a certain number of people to get in touch with the prices board, but by the time I could get around to doing it I discovered that the regulation had been modified.

There was still a great deal of criticism regarding the deterioration of goods. People all across this country are not satisfied that the wartime prices and trade board or some other government agency is doing all that could be done to prevent that deterioration. I have gone into many towns where retail merchants have showed me articles which, while the price remains the same, have deteriorated until in their opinion they were not worth more than half the price at which the article formerly sold. I have had instances of that in dry goods stores in connection with articles of clothing, and in many other stores.

The hon. member for Davenport has called the attention of the committee to the situation regarding coal. Only last week in an eastern Ontario town several citizens showed me their coal bills for this last winter as compared with their coal bills for previous winters, showing how they had been forced to buy several tons of coal more than they had been in the habit of buying. They were complaining that the coal they got last year, although the price was pegged, was much inferior in quality to what they had been receiving in previous years, and many of them were also complaining of light weight, that a ton of coal contained a great deal of water and much less coal than it formerly did.

One suggestion I would like to make to the parliamentary assistant is that if there is any possibility of simplifying the type of returns or of reducing the number of returns that have to be made by business men and firms to the wartime prices and trade board, any attempt in that direction will meet with the approval of vast numbers of people across this country.

I have seen restaurant keepers and hotel managers, particularly, sitting up to the wee hours of the morning trying to figure out how many cups of tea and coffee they sold, how many customers they served, how many pounds of this and that were disposed of

during the day—all of which apparently had to be recorded on a set form and forwarded to the officials. If the people of Canada are to accept the regulations which the wartime prices and trade board has to introduce, any orders which have very little value except a nuisance value should be eliminated. I have been told—I should like to know from the parliamentary assistant whether it is true—that the forms which have to be filled out are to some extent affected by the requirements of United States authorities in similar situations; that in order to obtain priorities, in order to work in line with the Americans, our wartime prices and trade board must be able to show to the entire satisfaction of United States authorities that we have effective control over goods and services, and that our board can satisfy these authorities only by showing them returns similar to their own. I hope that this is not true. I hope also that the wartime prices and trade board can take some measures to simplify and reduce these returns.

Last year a return was brought down showing the number of dollar a year men employed by the wartime prices and trade board. I wonder whether there would be very much work involved in bringing that list up to date. I think it would be interesting to the committee to know whether we have fewer or more dollar a year men, and who are thus employed by the board. It seems to me that by this time it should have trained men of its own who are capable of managing the affairs of the board, and that it should be possible to get along with fewer of these dollar a year men.

One further suggestion. Probably some of the criticisms or causes of criticism arise from the fact that there is not on the councils of the wartime prices and trade board adequate representation of the interests affected. That, I believe, was brought out in yesterday's debate. I believe it applies to a great many instances, that those responsible for the regulations pertaining to particular lines of business, particular commodities, are often familiar with large enterprises dealing in the commodity but not with the point of view of the small business man. I would like, if it would not involve too much work, to have that list of dollar a year men brought up to date.

Mr. ABBOTT: I have here the figures for both years. As a matter of fact this information was given in answer to a question of the hon. member for York East on May 18. The number of employees of the wartime prices and trade board serving full time without remuneration on March 31, 1943, was 293, and on March 31 of this year, 329; approximately the same, or rather, over thirty more.

As to the simplifying of forms, I can assure my hon. friend that a constant effort is being made to do that. On the other hand, the board is carrying on a complicated and difficult operation, and has to have a considerable amount of accurate information in order to carry out its responsibility properly, and for that reason it has to require that a good many forms be filed. A committee of the board is constantly working on the question, reviewing these forms and endeavouring to see that they are made as simple as they can be, I do not know with what degree of success; but in any event, a constant effort is being made to do that.

As to similarity of forms with those in force in the United States, I am advised that there is no real justification for that suggestion. There is this point that in connection with textile supplies, in particular, we are dependent upon United States supplies now for priorities and so forth; consequently we try to make our application forms and that sort of thing conform as closely as possible to those in use in the United States. Possibly that is what my hon. friend had in mind when he referred to that point.

The hon. member for Davenport raised one or two questions in connection with coal and gasoline. The question of supplies of coal, as he knows, is under the Department of Munitions and Supply. The price ceiling is fixed and enforced by the wartime prices and trade board. I have heard that there has been some deterioration in the quality of the coal which we have been getting lately. I have not noticed it in the case of my own coal, but that is perhaps no fair test. As to gasoline, again I do not know. The question of supply, as the hon. member is aware, is under the jurisdiction of the Department of Munitions and Supply, and so far as I know the price has not varied since September or October, 1941.

Mr. JOHNSTON (Bow River): The quality has, though.

Mr. ABBOTT: Perhaps I am particularly fortunate, but I have not personally noticed any variation. I drive a very light car, and I think I get at least twenty miles and sometimes twenty-five miles a gallon in the country at the lower speeds at which we drive. I am sure the hon. member for Davenport does not drive at any excessive speeds.

Mr. MacNICOL: I try to keep within the law.

Mr. ABBOTT: There may be some deterioration in the quality of gasoline, and it is perfectly true that the price is the same.

On the question raised by the hon. member about maple syrup, I can sympathize a good deal with his views, because I was born and brought up in the part of Quebec which produces more and better maple syrup than anywhere else—

Mr. MacNICOL: Not "better"; perhaps "more".

Mr. ABBOTT: —that is, the eastern townships. Being familiar with the processes of maple syrup making, and having bought and sold it for many years, I can sympathize with his views, and I heard a lot from my friends in the eastern townships regarding what they felt were the unnecessary restrictions upon the sale and distribution of maple syrup this year. Of course the reason, rightly or wrongly, for these restrictions was that maple syrup, maple butter and maple sugar were classed with what we call "sweet spreads", which include honey and jam; they are alternatives to these particular commodities, which, as my hon. friend knows, are rationed, and it was felt that it would be unfair to allow maple products to go unrationed.

It would mean that distribution would not approach anything like a fair one; that people who were near the sources of supply or knew where to go would get the lion's share of the product and it would not be available for the general public. I am advised, and that is confirmed by what I learned out in this beautiful part of Quebec to which I refer, the eastern townships, the maple sugar crop was good this year and apparently it has moved into consumption fairly smoothly. The selling price was higher than last year and I am told was sufficient to give a good return to the producer for his maple syrup. I am not going to assume the role of a prophet. I hope when the time arrives for the sugar crop next year it will not be necessary to ration this delicious commodity. I am sure that if it is necessary the sugar producers will put up with the relatively moderate inconvenience that they suffered this year and that those of us who, like the hon. member for Davenport, are very fond of this product, will also be willing to go to a little extra trouble to be sure that we procure it.

My hon. friend raised the question of salaries. I am not going into the details of the salaries now, but I wish to say to the committee that I do not consider the salaries paid by the wartime prices and trade board to be in any way out of line with the salaries paid for comparable service in private business or in any other section of the community.

On July 7 of last year the Minister of Finance in answer to a question gave a break-down in certain groups of persons in receipt of salaries in the employ of the board. While I have not a similar break-down here I am informed it has not changed substantially since that time. On July 7 of last year there was no one on the board receiving in excess of $8,500 a year.

Mr. MacNICOL: In what year?

Mr. ABBOTT: In July of last year. I think that statement still holds good to-day. There is no one in receipt of a salary of more than $8,500 a year. As the committee knows, the chairman of the board is the deputy governor of the Bank of Canada and is on loan to the board.

Mr. MacNICOL: The name I had in mind was D. G. MacKenzie. He is down for $10,400.

Mr. ABBOTT: Well, I am informed that the gentleman named by the hon. member for Davenport was engaged on a special fee basis in the past. He still works for the board but at a very much lower scale of remuneration.

Mr. MacNICOL: I have only the public accounts to go by.

Mr. ABBOTT: And that is the only case. As I say, there is no one receiving a salary in excess of $8,500 a year. In the bracket from $5,000 to $8,500, there were forty-three. I am giving the committee the general picture. In the bracket from $3,000 to $4,000 there were 174; in the bracket from $2,000 to $3,000 there were 683; the remainder, those receiving $2,000 and under number 3,723, making a total of 4,965. The total to-day is some 5,100, and I doubt whether any are receiving high salaries; there may be one or two, but the majority of the increased number are in the lower income brackets, additional inspectors, enforcement officers and so on.

Mr. MacNICOL: I do not find fault. I was asking for the number. Did the parliamentary assistant give the number receiving $8,000, $7,000 and $6,000?

Mr. ABBOTT: No. I said there were none receiving over $8,500 a year.

Mr. MacNICOL: No, but $8,000.

Mr. ABBOTT: From $5,000 to $8,500 there were forty-three. I have not any smaller break-down, but in the bracket from $5,000 to $8,500 there were forty-three. I think my hon.

friend and the committee are aware that some of those officers are performing exceedingly difficult and responsible duties. Not only that, but a great many of them have been lent to the board by their own private employers. They are not serving as dollar a year men. What is happening is that they are being paid the salary which they were receiving from their private employers. In most of those cases the employer continues to pay his own employee and is reimbursed by the board for the amount of the salary.

Mr. JOHNSTON (Bow River): They take it out of the excess profits tax when they pay their taxes. It is the same thing exactly as the government paying.

Mr. ABBOTT: Of course it is the same thing as the government paying. I am not questioning that for a moment. I am simply pointing out that these men are not taking on a government job as a life job, as permanent civil servants. They have come here to do this as a war job. They are doing it at the same salary they were receiving from their private employer. The private employer loses the benefit of their service and he is neither ahead of nor behind the game. He is simply reimbursed for the salary.

Mr. JOHNSTON (Bow River): It is hardly fair to say they are dollar a year men.

Mr. ABBOTT: I did not say they were. In fact I prefaced what I said by saying they are not dollar a year men. The figures I have given for men serving without remuneration do not include men in the category to which I was referring. I made a statement that a great many of the men on the prices board included in the category of receiving, let us say, $5,000 to $8,500 a year, are men who have been lent temporarily to the board by their employers and are being paid the same salary that they would have continued to receive had they stayed in their own private business.

Mr. MARSHALL: What types of positions do those men occupy?

Mr. ABBOTT: Administrators, chiefs of divisions. If the hon. member will look at the report of the wartime prices and trade board which I tabled early in January he will see there a list of the principal officers of the board. The hon. member no doubt has a copy of the report before him. If he will look at pages 52 and 53 he will see a list there of the senior administrative officers of the board. For instance, the distributive trades coordination is headed by Mr. R. F. Chisholm.

Mr. HATFIELD: Lent by whom?

Mr. ABBOTT: The foods coordination is headed by Mr. K. W. Taylor, who is sitting in front of me. Metal and wood products coordination is headed by Mr. D. P. Cruikshank, and so on.

The committee no doubt realizes that the wartime prices and trade board is carrying on in fact one of the biggest and most important businesses in this country. The decisions of the various administrators, as hon. members of the committee know, affect the lives and fortunes of every one of us. I know a good many of those men who have come here to serve in those capacities. I know they have done it not out of a desire to have any government job but out of an honest and sincere desire to help their country in war time. I am satisfied that they are not being overpaid, and I frankly feel that without some accurate knowledge hon. members should be hesitant—I am not suggesting that the hon. member for Davenport took that line—to throw out the suggestion that these officials of the board are getting salaries which are out of line with the service they render. I am convinced from intimate personal knowledge that they are not.

Mr. JOHNSTON (Bow River): They are getting the same salary that they were getting from their companies.

Mr. ABBOTT: In some cases, but not in other cases, and there is no reason why they should not.

Mr. HATFIELD: I should like to ask the parliamentary assistant to the minister how much refined sugar was damaged in Saint John while being held in storage by order of the wartime prices and trade board?

Mr. ABBOTT: I am afraid I have not the information at hand at the moment. I shall make a note of it and see if I can get the information.

Mr. SOPER: I should like to make a few remarks with regard to what the hon. member for Davenport said with respect to the coal business. If anything, the standard of coal we received in the past year was as good as or better than we have received in Canada for a long time. The hon. member referred to twelve tons being burned by certain people, three tons more than a year ago. That is contrary to the experience of most people. Householders throughout Ontario who last year used six to eight tons of coal used one or two tons less this winter. That was reflected in the amount of coal we were obliged to import; and if it had not been for that coal we never would have been able to get through the winter. The hon. member for York South

praised the wartime prices and trade board, but then came along with a couple of little digs about short weight, and the coal dealers selling water. I do not know where these gentlemen from the good city of Toronto get their coal, but if I lived there I would move out of Toronto and go some place where I could find honest coal dealers.

Mr. MacNICOL: The hon. member may be quite right in saying that in the very mild winter through which we have just passed, one of the mildest in decades, some private houses in Smiths Falls may have used less coal, or may not have burned the coal, because in the first place it was hard to get and in the second place the price was high. However, I was speaking about people who owned apartment houses and duplexes, who had to supply the coal and whose tenants would not let the janitors cut down on the amount of coal used. I know what I said was correct. The next time I go to Smiths Falls I shall make a few inquiries and find out whether or not the coal sold by my hon. friend was so very fine.

Mr. HATFIELD: I should like to know if order No. 184 of the wartime prices and trade board, prohibiting the setting up of new cooperative associations and organizations is still in effect.

Mr. ABBOTT: I shall have to get that information.

Mr. GERSHAW: While the minister is looking that up I wish to draw to the attention of the committee some additional facts with regard to the beet-sugar industry. This afternoon the hon. member for Lambton gave a very fine review of the whole situation. He dealt with some of the assistance this government has given to the beet-sugar industry, but still I find that the quantity produced in 1943 was not as great as in 1942. For instance, the seeded area was 64,000 acres in 1942 and only 52,000 acres in 1943, and of course the yield was considerably less. This is an unfortunate situation, because some places in Canada are admirably suited to the production of sugar beets. There are the warmer areas of Ontario, the maritimes, the Okanagan valley and particularly places in Alberta where there is the maximum amount of sunshine, the richest soil, and good irrigation.

I want to make an earnest plea for an increase in the production of sugar from the home grown raw material, because we can produce these beets so well, particularly on irrigated land, and the benefits are so great. It will provide a great deal of employment in the immediate post-war period, which is surely an important coansideration. A great deal of coal, a great deal of lime rock, a great deal of coke; boxes, lumber, nails, bags, and various supplies of that kind are required. It produces freight for the railways and pays a good deal of money to farmers and factory workers. In giving evidence before a committee of this house the president of a large sugar company said that he knew of no industry which provided so much employment, not only for those actually handling the commodity but in connection with the materials used in the distribution of the product. Chemically there is no difference between cane sugar and beet sugar; they conform to exactly the same formula. At times it has been said that beet sugar has some disadvantages, but under modern refining methods there is absolutely no difference; I think that has been amply proven.

I particularly want to draw this to the attention of the parliamentary assistant because $35,000,000 has been spent in connection with irrigation in southern Alberta. Those irrigated districts are made much more profitable and the people on them are much more prosperous when there is a sugar-beet factory in the vicinity. There are such large areas as the eastern irrigation district around Brooks, and the western irrigation district farther west, where great quantities of beets could be produced, where the supply would be reliable, and where a sugar-beet factory would help greatly to assure the prosperity and stability of the people on the land. This industry means so much to the whole economic and social welfare of the people that I urge those in charge to give additional encouragement so that its benefits may be felt all through the Canadian economy, possibly in the way of freight rate reductions, tariff concessions, or further concessions in regard to the excise tax. I believe there are great possibilities for post-war employment and post-war reconstruction in making use of water, which is now flowing down to the sea for irrigation purposes, and then stabilizing those irrigation districts with beet sugar factories.

Mr. STIRLING: I should like to ask the parliamentary assistant to discuss the question of canned vegetables from the point of view of the orders which have restricted the amount reaching the public. On January 1 about nine and a quarter million dozen cans of vegetables were in the hands of canners and wholesalers, despite the fact that last year was less than an ample year of production. By April 1 that figure had been reduced to something under six and a quarter million dozen cans in the hands of canners and wholesalers, but that was a million dozen more than on the previous April 1, again

despite the fact that last year's crop was not ample. It is true, I believe, that the restrictions were removed at the end of April, but the view I take is that the restrictions were maintained too long, because we have passed through those months of late winter when the consumer would have been glad to buy canned vegetables, and now that the restrictions are off and it is easier for the consumer to get the canned goods the fresh vegetables are coming onto the market.

I maintain that this is an unnecessary quantity of canned vegetables to have in the hands of canners and wholesalers; and, with the restrictions having been kept on for so long, that quantity will probably remain in their hands instead of the quantity being reduced on the eve of what looks like a year of very big production. I know that one reason why these quantities have been held is to make sure that the very large quantities required for our forces and those of the allies shall be available. But I think that, with the experience of the past to guide the board, the restrictions have been kept on longer than necessary and that now there is an opportunity for the retailer to have rather more for disposal to the public than he should have. The public is moving on to buy the fresh vegetables and the stores of the wholesalers are having too many cans of vegetablese held on hand when it may be expected that a very large amount of canning will be forthcoming in this season.

Mr. ABBOTT: I will bring my hon. friend's comments to the attention of the board. As he has pointed out, the restrictions were removed on the 1st of May. It may be that they could or should have been removed a bit earlier, but as he himself has said, we often learn a good deal by experience. The point is that they are now removed. I suppose it is safe to say that they will not be reimposed unless it is felt that they are really necessary for the purposes suggested. The hon. member for Victoria-Carleton asked about order 184, with regard to cooperatives going into business. Order 184 was subsequently amended by order 284 and finally amended on the 15th of this month by order 400. Order 184, originally imposed in November, 1942, imposed restrictions on the establishment, acquisition and extension of new business of all kinds, not only cooperatives but all new business, and when the original order was passed it was felt that there was need of a general curtailment of civilian activity to permit a more rapid expansion of war production. It was felt that the existing manufacturing and distributing facilities should be adequate, except in a few special cases, to handle available supplies of civilian goods and that new productive activities should be devoted to meet the rapidly increasing war demands. To-day the war requirements remain heavy and must continue to have first call on production, but the rate of expansion of war production is not as great as during the period when orders 184 and 284 were in existence. Shortages continue to exist in many lines of civilian goods and these are unlikely to disappear for some time. However, there may be some types of civilian production that can be undertaken without interfering with the full war effort, and for other types preparations and plans must be made many months in advance of actual production. It was considered that decisions concerning the nature of so many new enterprises can be taken better by those who desire to undertake these enterprises than by government agencies, and for these reasons the administration of order 284 is adapted in the light of conditions now applicable. As hon. members will no doubt have seen, the order was modified by order 400 to provide in effect that while new businesses must still get a licence to operate in order that a record may be kept of such new businesses, these licences will be granted, generally speaking, readily, almost as a matter of course, but on the understanding, as pointed out to the applicant when he gets his licence, that no assurance is given him in the granting of the licence that he will receive a quota of goods which may be in short supply. In other words, the licence to do business is more or less in the nature of a hunting licence, if I may so describe it. The applicant is free to go into business, but he must take a chance on being able to get an adequate supply of scarce goods and without reference to the board.

Mr. GREEN: Does that apply to men discharged from the forces?

Mr. ABBOTT: Yes.

Mr. GREEN: In other words, if they come back and try to set up in business, do they get no assurance of supplies?

Mr. ABBOTT: They have to get a licence the same as anyone else. I am advised in the case of returned men that an attempt is made to give them a quota where they are reestablishing a business in which they were engaged prior to joining the armed forces. In other words, they are put in a preferred position. They get their licence, but in addition to that an attempt is made to provide them with a quota if they were in a line of business which used scarce goods where a quota is required.

Mr. GREEN: That is only in cases where they were in business before enlistment?

Mr. ABBOTT: Yes.

Mr. GREEN: It would not apply to a young chap taking his discharge who had not been in business previously?

Mr. ABBOTT: In that case he should endeavour to go into a line of business which does not require articles in short supply. I am referring to things like sugar, tea, and coffee, which are rationed on a quota basis, and that applies to a good many other things such as hardware, where there is definitely a short supply. In the interests of the general stability of the civilian economy, you cannot have people coming in and establishing new businesses in those particular lines where there is a definite shortage of stock-in-trade. That situation may correct itself very quickly. Those articles in short supply to-day, in four or six months' time may be in adequate supply; but I do not think it can be said as a definite statement that the returned man going into new business which he has not been in before, can be assured of a quota of stock-in-trade which is of a type in short supply.

Mr. HATFIELD: Should he not have a preference to become established in a new business?

Mr. ABBOTT: Every consideration will be given if he has been in that line of business before, and an attempt will be made to give him a quota. But where a particular type of commodity is definitely in short supply it is subject to the equitable distribution policy of the board, and it would simply create a chaotic condition in the distribution system to allow an unlimited or even a large number of new entrants into that particular field.

Mr. HATFIELD: Suppose he wanted to go into canning farm produce?

Mr. ABBOTT: That is not in short supply. I am referring to such things as hardware, steel products. These are definitely subject to the equitable distribution policy, and the wholesalers are obliged to allocate available supplies to their customers in an equitable manner in accordance with purchases in the base period. It is a form of rationing, of course.

Mr. WEIR: I am obliged to the Parliamentary Assistant to the Minister of Finance for the assurance he gave a moment or two ago that there was no discrimination in the policy of the board with respect to the issuing of licences for new businesses as between cooperatives and other organizations. That is a desirable provision, and I hope it will be followed out. I have a little experience in that regard and I can confirm what he has said this evening in this matter. Listening to the discussion this afternoon and evening, I wonder what the general public's reaction will be. I am bound to say that when one goes about the country, the one feature of the government's domestic policy that is held up with greater acclaim than probably any other is the price control arrangements; and when we consider that along with the government's attempt to avoid inflation, I do not see how the two features of the government programme can be separated. But when we have a discussion in the House of Commons that seems to be a pretty general condemnation, certainly of many features of that programme, I wonder how the public will react to it. There have been cases where controls have not been exercised and we have experienced runaway prices. I refer particularly to used materials such as farm implements, tractors, used cars and things of that kind. In these cases it was found necessary to take action afterwards.

There are two classes in the community which are deserving of special mention in connection with the carrying out of the government's programme of price control and of rationing. Rationing is not a thing that everybody likes, but at least it is the idea of sharing so that everyone will have an opportunity of getting the goods that are available. The two classes which I think are particularly deserving of credit for what they have done are the retail country merchant and the automobile or gasoline dealer. From my observation these two classes of trades people have had more details to take care of and more trouble with respect to looking after coupons and that kind of thing than anybody else. I am bound to say that in the part of the country from which I come there have been few of them who have had any complaints. In nearly every case they have come forward and said that they hoped the government would extend its rationing or sharing policies to other articles that they were finding it difficult to handle. Those two classes certainly supported the government's efforts in the carrying out of these control measures.

I am surprised when I hear individual items picked out and condemned. If there are weaknesses in the policy they should be eliminated. I have met people from the United States who look upon our accomplishments with respect to price control as being splendid. They are particularly pleased with the enforcement of the control. You cannot have one without the other. I was talking to a business man in my town not so long ago and he put it in this way: having regard to the policy that was being carried on during

this period of the war as compared with the last war, we are better off to-day. As he said after the last war when the inflationary period had got under way and the bubble had broken, business men simply went to their offices every morning to look at their inventories in order to see what their previous day's losses had been. That is the experience they had. The reaction of these business men is that every effort possible should be made to maintain the price ceiling so that business and the community generally will not get into a condition such as occurred at the close of the last war.

I think the country generally is behind the government's price control measures. Where weaknesses have been shown up, where individual items have been dealt with in a manner that was not the soundest, they have been rectified. It was a new policy and mistakes were bound to creep in, but I think the whole thing has been handled in a creditable manner.

I wish to say one thing more with respect to the general condemnation that has been made of many of the officials of the board and its policies. I have had some dealings with these gentlemen and I am bound to say that I have found them to be courteous; I found them to be men who knew their job; I found them to be men who were able to give me a reasonable explanation for the policy they were pursuing. I do not want anyone to think for one moment that I was able to persuade them to my point of view with respect to any particular matter we might happen to be discussing, but they were able to present the job they were doing in an understandable and reasonable manner. I think that much should be said for them. They are carrying out the policy in a practical and reasonable way; they are reasonable in their approach to it.

Mr. JOHNSTON (Bow River): Would the parliamentary assistant give us the details of the recent amendment to the business order?

Mr. ABBOTT: I described it, perhaps rather sketchily, a few minutes ago. It is order 400, which amends order 284, which in turn amended order 184. Substantially the effect of the amending order is that while a licence is still required by a new entrant into business or for the expansion of existing business, it will be granted readily—I put it almost as a matter of course—but upon the understanding that the granting of a licence does not entitle an applicant to a quota of goods which are in short supply. In other words, the new entrant into business is given, as I put it, more or less of a hunting licence. He is allowed to go into business as he would under normal conditions, but we have to issue a licence in order to have a record of the number of people in business. He gets his licence almost as a matter of course. If he is going into a business where inventories are in short supply he will have no assurance that he will be given a quota.

Mr. JOHNSTON (Bow River): I am grateful to the parliamentary assistant for giving that explanation. There should be no difficulty in a man who wanted to open up a new coal mine getting a licence?

Mr. ABBOTT: None whatever.

Mr. JOHNSTON (Bow River): I am glad to hear that. There was an article in to-day's *Journal*—

Mr. ABBOTT: That is so far as wartime prices and trade board is concerned; I cannot answer for munitions and supply.

Mr. JOHNSTON (Bow River): I am dealing with the wartime prices and trade board. This article refers to the shortage of coal, and it goes on to state that the coming winter may be one of the worst we have ever had as far as obtaining coal is concerned. I had a case which I took up with the wartime prices and trade board and the thing has been going along for some time. This man was trying to get a licence to operate a mine. He went to the board in Calgary and he was told that a licence could not be issued. This was a strip mine and he wanted to get it ready for this fall. He had spent a considerable amount of money in getting the mine ready for operation.

Mr. ABBOTT: This amending order 400 only came into effect on May 15 and perhaps the case to which the hon. member is referring was put forward before it came into force.

Mr. JOHNSTON (Bow River): Probably that is true, because I have a letter from the wartime prices and trade board dated May 20 in which they state that a new amendment had just been made. That would correspond with what the parliamentary assistant has just said. As I say, this man had spent a considerable amount of money in stripping this mine, several thousand dollars, I understand. He went ahead with this mine on the advice of an official in the wartime prices and trade board. I am not going to give his name because I do not think that is necessary. He continued with his work until he reached the point where he decided there was no use in going ahead and spending more money. Yet we are told that there is to be a shortage of coal this winter. There should be no hesitancy

in granting a licence to this particular individual. As far as I know he has not as yet been given a licence.

Mr. HATFIELD: They are paying bonuses to open up new mines.

Mr. ABBOTT: If the hon. member will give me the name I shall have the matter looked into right away.

Mr. JOHNSTON (Bow River): I will drop the parliamentary assistant a letter to-morrow giving him the details. I think this is a matter that can be cured with his assistance.

Mr. WEIR: The matter to which I wish to refer for a moment may not come strictly within the purview of the Department of Finance although, when one considers it from the point of view of rationing of food and the maintaining of food supplies, I believe it will be in order. I have had a number of complaints from ladies with respect to what has happened to their fruits in sealers. They claim that the rubber used last year in the jar rings was very poor. Many representations have been made with respect to this important matter judging from the number of complaints I have had, if no assurance can be given that the trouble will be remedied I fear it will mean that a good deal of canning and preserving will not be done this year. I should like to emphasize the importance of that to the parliamentary assistant, and if he can give any assurance I would certainly appreciate it.

Mr. ABBOTT: I will be very brief. This is a most important matter and has been receiving constant attention both by the board and by the Department of Munitions and Supply. As the committee knows, since Pearl Harbor one of the most critical materials has been rubber. Every effort has been made to conserve this very important commodity. The technical officers of the Department of Munitions and Supply, the Department of Agriculture, the wartime prices and trade board and the national reasearch council have all been looking into the question, and I am advised that several months ago they developed specifications which it is believed will provide satisfactory rings.

Mr. WEIR: Are you sure?

Mr. ABBOTT: We are not sure. You can never be sure about anything. I asked my wife about this situation and she told me that last year we put up a good many jars of preserves and vegetables. Perhaps owing to her skill as a preserver none of them turned bad. She used the ordinary rings which were available. All I can say to the committee is that the problem is receiving the earnest attention both of the Department of Munitions and Supply and of the board, and it is hoped that the rings which will be available this year will be satisfactory. Incidentally it has been decided that synthetic rubber is not suitable for these jar rings, and the very highest grade of reclaimed rubber is being used.

Mr. FAIR: May I ask what happens in the case of a partnership of two men who have been in business when one buys out the other. The one who retains the business is all right, but what happens to the other fellow, if he wants to enter into business again?

Mr. ABBOTT: He can get a permit to enter business, as I explained to the hon. member for Bow River.

Mr. FAIR: But he would not have a quota.

Mr. ABBOTT: If the business were one dealing with something in short supply he would have to take his chance on getting a quota. The partner who continued in business would retain the quota that went with that business.

Mr. KNOWLES: I should like to deal with an item related to wartime prices and trade board order No. 223, which is an order respecting the distribution and use of print paper within Canada. I may point out that earlier this evening charges were hurled back and forth across the floor that members were indulging in partisan political debate. Before anyone makes any charge of that kind may I say quite frankly that I am going to speak briefly about a matter that has special reference to a political party. There is, of course, only one party that I would speak about. The Manitoba section of the Cooperative Commonwealth Federation, like a number of other sections of our party, publishes a paper. It is called the *Manitoba Commonwealth*. I have copies of it in my hand.

One thing is clear. This is a political paper and has been from its start. Its whole aim is to educate the people of Canada as to the superiority of the policies of the C.C.F. On May 16 of this year the director of publishing, of the Publishing, Printing and Allied Industries Administration, Mr. F. F. Macnab, wrote to Mr. Lloyd Stinson, editor of the *Manitoba Commonwealth* at 411 Confederation Life building, Winnipeg, Manitoba, informing him that during 1943 this paper had over-used its quota and that until some proposal came forward from the editor as to how this overuse was to be made good, permit would be withheld for the Manitoba C.C.F. to continue the publication of its paper. Mr. Stinson, the editor, and Manitoba C.C.F. provincial secre-

tary, wrote back to Mr. Macnab on May 19 and sent me copies of the correspondence, following which I wrote to Mr. Macnab under date of May 27. I have not had a reply as yet, but I am not complaining unduly of that because there has not been a great deal of time. I rise to bring the matter up to-night because, if I do not do so on this item and the matter is not dealt with satisfactorily, I shall not have another opportunity to do so.

May I point out to the parliamentary assistant that order 223 as a matter of fact may be a little over-generous. I am not complaining about the order at all. But its terms are such that there should be no restriction on paper for this publication because section 4 (b) reads as follows:

> 4. This order shall not apply to
> (b) any newspaper or other periodical which, in the opinion of the administrator, is published by any religious, charitable, philanthropic, educational, scientific, professional, political, labour or other non-profit organization.

I point out that the paper is published—and this is very clear from its masthead—by a political party, the Manitoba section of the C.C.F.

Mr. ABBOTT: What about the proviso? My hon. friend appreciates that, "provided always that the exemptions granted," and so forth.

Mr. KNOWLES: I will read the proviso:

> Provided always that the exemptions granted by this section shall not apply to any newspaper or other periodical that is published primarily for advertiseing purposes, or derives its principal earned revenue from advertising.

The proviso does not affect this paper because it is not published primarily for advertising purposes, nor does it derive its principal revenue from advertising, but from subscriptions and from donations of members of the party to sustain the publication of the paper.

Mr. ABBOTT: If those facts are as stated I am advised that the newspaper will receive a certificate of exemption under this section.

Mr. KNOWLES: I am very glad to hear that. We were aware of the fact that other political parties seemed to get increased quotas of paper. The paper known as *Public Opinion*, for instance—

Mr. GRAYDON: It is the quality of that paper that gives it a preference.

Mr. KNOWLES: I may say to the leader of the opposition that it is partly because of the tremendous amount of advertising which *Public Opinion* has given to the C.C.F. that there has been an increase in our subscriptions and we need more paper to meet that increase. The increase is due to the advertising which has been given to the C.C.F. not only by *Public Opinion* but also by the circulation of the Saskatchewan *Liberal*. These papers are giving the C.C.F. so much publicity that our circulation has increased, and that is the reason for the requirement of extra paper. I am very glad indeed to have the assurance of the parliamentary assistant that there will be no difficulty about getting it. I was sure that there must have been a mistake.

Item agreed to.

Commodity Prices Stabilization Corporation, $140,000,000.

Mr. NOSEWORTHY: When the estimates of the Minister of Agriculture were before the committee there was brought to his attention the subsidy that was supposed to have been paid on potatoes, and I think that matter should be brought up on this item. I have received a number of communications from the potato growing sections of New Brunswick which I visited last fall, and I have in my files a number of newspaper clippings pointing out that there was supposed to have been a subsidy paid by this corporation on early potatoes.

The information I have is that one dealer in this particular part of the province, and one private grower at least, received subsidies on the quantities of potatoes that they shipped out in July and August. I have information that one of the shippers distributed the subsidy to his growers and that this ran anywhere from $90 to $1,000. Apparently he is about the only shipper who took advantage of that, or took advantage in time to get a subsidy. Then something happened, and other growers and shippers have been unable to get that subsidy. The row which has developed over that is that, according to my information, the enterprising shipper who took advantage of the situation and secured the subsidy was a former Liberal candidate. That has raised considerable political turmoil. I think the parliamentary assistant should give us some information as to what the situation is.

Mr. MARSHALL: I think that, with a corporation such as this, spending so large an amount of money from the treasury, we should have a full and complete report from the minister. I should also be glad if he would bring the financial statement of this Commodity Prices Stabilization Corporation up to date as to the operations. Has he the figures

with respect to the operations of this company, we will say to the end of the last financial year?

Mr. ABBOTT: On the point just raised by my hon. friend, I had not anticipated that we would be fortunate enough to reach the estimates of the Commodity Prices Stabilization Corporation this evening. However, we have done so. It is five minutes to eleven. I expected to have the officers of the corporation on the floor in front of me in order to assist me in explaining some of these figures. Perhaps in the circumstances the committee would be willing to call it eleven o'clock.

Progress reported.

On motion of Mr. Ralston the house adjourned at eleven o'clock until Thursday at four o'clock p.m.

Thursday, June 1, 1944

The house met at four-thirty o'clock.

VACANCY

RESIGNATION OF MEMBER FOR THE ELECTORAL DISTRICT OF WEYBURN

Mr. SPEAKER: I have the honour to inform the house that I have received the resignation of Thomas Clement Douglas, as member for the electoral district of Weyburn. I have accordingly issued my warrant to the chief electoral officer to make out a new writ of election for the said electoral district.

PRIVILEGE

MR. POULIOT—REFERENCE TO INCIDENT IN DEBATE IN COMMITTEE OF SUPPLY ON MAY 29

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, now that your Honour is in the chair I have to rise, in the full house, on a question of privilege which affects every member of parliament. The matter is very serious. We have just heard an honoured guest state that we shall not be slaves of despots and tyrants, and that democracy shall be observed throughout the world.

There are three committees of the whole house. One of them is the committee of the whole, so-called; another is the committee of supply, and the third is the committee of ways and means. The house ignores officially what happens before one of those three committees, and, as I was victimized while one of those committees was sitting, it is my duty, sir, to inform you officially of what occurred on Monday while the house was sitting in committee of supply, and when the item for general administration of the senate was before that committee. And I will do so with the feeling that the Minister of National Defence (Mr. Ralston) recalls the well-known grace of my race.

The question that is of the utmost importance to all members of parliament, jointly and severally, as well as individually, is to know how many times a member of parliament has to withdraw a statement made in the house; and also, sir, if a minister can distort with impunity a statement made by a minister, and then call on the Chair for the withdrawal of a statement which comes from the lips of the minister and not from the mouth of the member who is supposed to withdraw the statement.

There is a well-known rule of the house forbidding members of parliament to impute motives to their colleagues. It will be enough to remind Your Honour of standing order 43, paragraph (1):

> No member may speak twice to a question except in explanation of a material part of his speech which may have been misquoted or misunderstood, but then he is not to introduce any new matter, and no debate shall be allowed upon such explanation.

Which means, as you know so well, sir, that provided that parliamentary language is used in a statement made by a member, if that statement is not reported correctly a member has the right to mention to the house what he has said. And how many times do members of parliament rise in this house to correct statements which appear in *Hansard*, in order to remove any doubt about the way they have expressed themselves on any matter which has come before the house? At page 3345 of *Hansard* we find the chairman stating that I had used the following words in speaking about the senate:

> They have completely lost any sense of shame in the senate, and with the exception of two or three—

Mr. SPEAKER: The hon. gentleman is rising to a question of privilege in connection with a matter which was dealt with in committee of supply and upon which no report has been made to the house. Therefore the house is not in position to deal with the matter. If the hon. gentleman has any authority to show that he has the right to bring before the house something which was dealt with in committee of supply and there decided, I will listen to it. I know of no authority to permit the hon. gentleman to bring a question of this nature before the

house and ask the house to deal with that which has already been decided in committee of supply.

Mr. POULIOT: It is a most unusual case—

Mr. SPEAKER: That is the reason why I interrupted the hon. gentleman. I know of no procedure to permit this. If the hon. gentleman can submit to me a rule of the house which would enable him on a question of privilege to deal with something already dealt with in committee of supply, I shall be glad to listen to him.

Mr. POULIOT: I thank Your Honour for your question, which I will answer as satisfactorily as possible. The case I refer to is unprecedented in the annals of parliamentary history. There is no case that can be quoted where a minister of the crown has distorted and falsified what has been said by an hon. member.

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member knows that such language addressed to any hon. member of the house cannot be maintained.

Mr. POULIOT: I know that.

Mr. SPEAKER: The hon. member will have to withdraw.

Mr. POULIOT: I withdraw, but the word "distorted" was not complained of when I used it in committee and when—

Mr. SPEAKER: The hon. member is speaking in the house and I rule that the word "distorted" cannot be used with regard to any hon. member. I ask the hon. gentleman to withdraw.

Mr. POULIOT: I will withdraw anything that is unparliamentary, but I say that the minister put in my mouth things that I never said. I complain bitterly of this because I have been called to withdraw a statement that I have never made. They were imputed to me. According to the whole parliamentary practice a member of parliament has the right to make a statement and to say exactly what he has to say for the defence of his rights and privileges in the House of Commons.

Mr. SPEAKER: I will admit that the hon. member has the right to rise to any question of privilege, but the hon. member well knows that a question of privilege should be taken up at the time the breach of privilege complained of occurs. The hon. gentleman had the right in committee of supply to make his protest with regard to any statement that was made, but there is no question of privilege when he brings before the house a matter which has not been reported to the house and which, therefore, cannot be dealt with.

Mr. POULIOT: If you will permit me, no question of privilege can be taken up in the committee. A point of order can be raised and then reported to the Chair. It was impossible for me to do that at the time because the notes had not been transcribed. I did not have the notes and I could not appeal the ruling to Your Honour so that Your Honour could decide upon it. Your Honour will agree that a question of privilege is similar to a point of order, but a question of privilege cannot be decided by the chairman of any one of the three committees already mentioned. That is one reason. The second reason is that the reporter's notes were not transcribed at the time. The third reason is that a member of parliament has the right to bring up a question of privilege before the house at any time in connection with anything that has happened in any committee. I do not want to use any offensive language; I only want to protest against the manner in which I was victimized on Monday last.

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member is now making a charge which can only be a reflection upon the Chair when the committee of supply was sitting. He has said that he was victimized. After all, the chairman of the committee of supply would be ruling with regard to order. The hon. gentleman cannot say that he has been victimized.

Mr. POULIOT: I did not say that I was victimized by the Chair; I say I was victimized by one of my colleagues, who happens to be the Minister of National Defence.

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member is now travelling farther afield. I must rule that there is no question of privilege involved. I have already stated that I have no authority to deal with a matter which was dealt with in committee of supply and not reported to the house, nor has the hon. member been able to quote any authority which would justify a question of privilege at the moment. I am therefore ruling that there is no question of privilege.

Mr. POULIOT: May I ask Your Honour if I may take it up when the house goes into committee of supply or committee of ways and means?

Mr. SPEAKER: I would not wish to give judgment at the moment on a matter which is so unusual. I shall be glad to consider the matter.

Mr. McNEVIN: The hon. member for Témiscouata said that he has been victimized by the Minister of National Defence. He should withdraw that statement.

Mr. POULIOT: I will ask the—

Mr. SPEAKER: Order. The matter is closed.

MR. KNOWLES—ADDRESS OF PRIME MINISTER JOHN CURTIN OF AUSTRALIA

Mr. S. H. KNOWLES (Winnipeg North Centre): Mr. Speaker, I rise to a question of privilege. We in this group are grateful to the leader of the official opposition for the gracious manner in which he included all opposition groups when he spoke in connection with welcoming—

Some hon. MEMBERS: Order.

Mr. KNOWLES: —the Right Honourable John Curtin.

Mr. SPEAKER: I could not hear the hon. gentleman who has risen to a question of privilege. I have not heard what the question of privilege is.

Mr. KNOWLES: I wish to refer briefly to three things, if I may. First, I want to express appreciation to the leader of the opposition. Second, I want to express appreciation to Your Honour for the courteous way in which you thanked the distinguished speaker on behalf of all of us. In the third place, I want to express the feeling of all of us in this group that at this moment it might be proper for us to place some words of our own upon the record in connection with the address which has just been delivered. I ask Your Honour whether that would be in order as a matter of privilege.

Mr. SPEAKER: I think the suggestion made by the hon. member would properly come from the minister who is leading the house.

Mr. REID: The house was not in session.

Mr. CRERAR: I think the matter might well be left until we reach the order for motions.

REPORTS OF COMMITTEES

Third report of the standing committee on miscellaneous private bills.—Mr. Picard.

Third and fourth reports of the standing committee on railways, canals and telegraph lines.—Mr. Dupuis.

First report of the joint committee of the Senate and the House of Commons on relations between the federal government and the city of Ottawa.—Mr. Matthews.

[Mr. Speaker.]

RAILWAYS, CANALS AND TELEGRAPH LINES

Mr. VINCENT DUPUIS (Chambly-Rouville) moved:

That the fourth report of the standing committee on railways, canals and telegraph lines, presented to the house this day respecting reduction in quorum be concurred in.

Mr. GRAYDON: May I ask if this report contains anything more than simply a request to reduce the quorum?

Mr. DUPUIS: Nothing else, and that was agreed to unanimously in the committee.

Motion agreed to.

PRIME MINISTER OF AUSTRALIA

ADDRESS TO MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS TO BE PRINTED IN THE OFFICIAL REPORT OF DEBATES

Hon. T. A. CRERAR (Minister of Mines and Resources): Mr. Speaker, in the absence of the Prime Minister (Mr. Mackenzie King) I beg to move, seconded by the hon. Minister of Justice (Mr. St. Laurent):

That the address of the Right Hon. John Curtin, Prime Minister of Australia, delivered before the members of the Senate and of the House of Commons of Canada in the chamber of the House of Commons on Thursday, June 1, 1944, be included in the *House of Commons Debates* and form part of the permanent records of this parliament.

Mr. S. H. KNOWLES (Winnipeg North Centre): Mr. Speaker, if I may speak to this motion, I should like to say that I am very glad to support it, and we are happy that included among the speeches to be recorded will be the very gracious words of the leader of the opposition (Mr. Graydon) in which he spoke on behalf of all opposition groups in welcoming the Right Hon. John Curtin to the floor of this chamber. I feel, too, that I should like to take this opportunity of saying to you, Mr. Speaker, that no one could have done better than Your Honour in expressing the appreciation of all members of this house to Mr. Curtin for his memorable address.

Some hon. MEMBERS: Order.

Mr. KNOWLES: Mr. Speaker, whether it is in order or not, I intend to say that you bring honour to this house on all such occasions. However, on an occasion such as this we of this group feel that some words of our own might properly be spoken, so that I should like to say on behalf of the Cooperative Commonwealth Federation that we join with particular pleasure in the wholehearted welcome which has been extended to the Prime Minister of Australia. He comes to us as the representative of a great people, for whom the

citizens of Canada have the highest regard. We join in asking Mr. Curtin, as has already been suggested to him, that he take back to his fellow-citizens of Australia the good wishes of the Canadian people.

Mr. Curtin comes to us as the Prime Minister of the Commonwealth of Australia—

Mr. MACDONALD (Kingston City): Mr. Speaker, I rise to a point of order. The greetings to the Prime Minister of Australia were expressed by the Prime Minister of this country and by the leader of the official opposition, and I do not think it is in order for the member for Winnipeg North Centre to endeavour to get in on this welcome in the way that he is attempting to do at this moment.

Mr. KNOWLES: I am afraid I shall have to raise a point of order. The hon. minister is imputing motives.

Mr. MACDONALD (Kingston City): I am not imputing motives, but if this is to be allowed, the result will be that any member of the house can get up and have a part in welcoming the Prime Minister of Australia or any other distinguished visitor. The welcome to Mr. Curtin did not take place in the house; Mr. Speaker was not in the chair, nor was the chairman of committees in the chair. It is a matter entirely outside the house. A welcome was expressed to Mr. Curtin by the leader of the official opposition (Mr. Graydon) on behalf, I understood, of all opposition groups, and if my hon. friend is to be allowed the privilege of having his welcome go on *Hansard* I see no reason why every other hon. member of the house cannot get up and do the same thing.

Mr. SPEAKER: I do not wish to deprive the hon. member for Winnipeg North Centre of the opportunity of making his statement, but it is most unusual in my experience and in the experience, I think, of this parliament to have such statements made by private members. Nor do I think the motion is debatable.

Mr. HOMUTH: And it is a most unusual party.

Mr. SPEAKER: Therefore I must ask the hon. member to desist from any further remarks along the line he is making. The motion is now before the house and it is not debatable. I do not find that it comes within any standing order which would enable it to be debated, and I must therefore put the motion to the house.

Mr. DUPUIS: Might I be allowed one word, Mr. Speaker? I do not wish to move an amendment but I would ask this house that the remarks of Your Honour as Speaker of the House of Commons be included in the record.

Mr. SPEAKER: The practice has hitherto been when we have had a meeting such as we have had to-day to include all the speeches within the motion.

Mr. KNOWLES: May I express the same hope, Mr. Speaker?

Motion agreed to.

(For text of address of Prime Minister Curtin, with speeches of welcome and thanks, see page 3453.)

FISHERIES

ANNOUNCEMENT OF EXTENSION OF SUBSIDY AND DEPRECIATION ALLOWANCE IN RESPECT OF CERTAIN VESSELS

Hon. ERNEST BERTRAND (Minister of Fisheries): Mr. Speaker, for the information of the house I would like to say that, with a view to assisting further to increase the productive capacity of the Atlantic fishing industry, the government has decided to extend its plan for subsidizing the construction of fishing vessels so as to make subsidy available to draggers and long-line vessels from fifty-five feet upwards in length when built for groups of four or more Atlantic fishermen. Up to the present the subsidy has been payable only on draggers of seventy-two feet or more.

The subsidy on construction of the smaller vessels will be at the same rate as in the case of the larger craft—$165 per gross ton.

The order in council which has been passed extending the application of the plan also provides that, in computing taxation on income or excess profits, the owners of the vessels may take a special accelerated depreciation allowance up to the whole cost of the depreciable assets in any one year or any group of years within a five-year period from the date of the vessels' registration. This accelerated depreciation will be in lieu of the annual rates of depreciation ordinarily granted under the relevant statutes.

Under another order in council which has been passed the same accelerated depreciation as I have just mentioned will likewise be permitted in the case of all fishing vessels of the schooner class on the Atlantic coast, no matter what their particular type or types, built subsequent to January 1, 1943, and used entirely for fishing purposes for not less than five years after registration.

During the five-year period the owner of each schooner wishing to claim accelerated depreciation allowance under this latter order

will be required to submit to the Minister of Fisheries, not later than the last day of February in each year, a statement showing, to the satisfaction of the minister, that the conditions of the order have been fulfilled. The minister, in turn, will submit the statement to the taxation division of the Department of National Revenue. Failure to submit such a statement, or to comply with other conditions of the order in council, will render a vessel ineligible for special depreciation allowance.

Mr. REID: May I be permitted to ask the minister a question? With regard to the first part of his statement, will the deep-sea owners of these boats be granted not only the subsidy but the accelerated depreciation as well?

Mr. BERTRAND (Laurier): Yes

Mr. REID: Both a subsidy and accelerated depreciation?

Mr. BERTRAND (Laurier): There is a subsidy for the draggers and for the long-liners, and accelerated depreciation. There is accelerated depreciation only for schooners.

Mr. KINLEY: I could not hear the minister plainly. Is the effect of the two orders in council that there is no discrimination as between dory fishermen and dragger fishermen in the matter of depreciation and subsidy?

Mr. HOMUTH: Or between Liberals and Conservatives.

Mr. BERTRAND (Laurier): That is a question of policy. We thought that in the case of the schooners we could grant depreciation, and in the case of draggers which have not yet been built of fifty-five feet and over we thought we could grant a subsidy and depreciation.

QUESTIONS

(Questions answered orally are indicated by an asterisk)

R.C.A.F.—AIR TRANSPORT SERVICE

Mr. KNOWLES:

1. Does the R.C.A.F. plan to operate an air transport service in Canada? If so, for what purposes?

2. Will such a service duplicate the services provided by T.C.A.? Will it operate over the same routes, use the same facilities, and call at the same points, or is it intended to install new facilities on new routes?

3. If such a service is being planned, what will be the cost of, (a) its initial outlay; (b) its annual operation?

4. Is it intended to continue the operation of such a service, in whole or in part, after the war?

[Mr. E. Bertrand.]

Mr. MACMILLAN:

1. The R.C.A.F. operates 3 air transport services all for its own use:

(a) West coast and north west staging route.
(b) To outlying stations of the east coast such as Gander and Goose Bay.
(c) From Ottawa to Moncton and Dartmouth.

From time to time other services have been suggested but have never been authorized.

They are utilized for the transportation of service personnel. They are also used as a training ground for overseas requirements of heavy transport aircrews which are expected to increase when the invasion army moves to Europe.

2. No. These services are strictly for the use of the armed services.

3. The cost of the present services are:

	Maintenance	Capital
(a) West coast and north west staging route....	$343,000	$661,000
(b) East coast.....	357,000	661,000
(c) Ottawa to Moncton and Dartmouth.....	101,000	221,000

4. No present intention.

POST OFFICE—ADVERTISEMENT IN "LIBERAL ADVOCATE"

Mr. BENCE:

1. Was an advertisement inserted by the department of the Postmaster General in the April, 1944, number of the periodical known as the *Liberal Advocate*?

2. If so, what was the cost to the department of the Postmaster General, and/or any other department of the government for such advertisement?

Mr. MULOCK:

1. Yes. Included in national publicity campaign re overseas mail to armed forces.

2. $90.

TRUCK CONTROL—ONTARIO

Mr. GAUTHIER:

Is the federal truck controller for the province of Ontario bilingual? If not, has he any bilingual assistants, and what are their names?

Mr. ABBOTT: There is no official designated as "federal truck controller" but it is assumed that reference is made to the administrator of services of the W.P.T.B.

The latter is not bilingual nor has he any bilingual assistants in the province of Ontario. In those sections of Ontario where French is spoken, the services of French speaking representatives of the board are available to him.

SOLDIER SETTLEMENT

Mr. QUELCH:

1. What was the cost to the dominion government of the following lands that were sold to soldier settlers in 1920: sections 6, 13, 14, 15, E½16, 22, 23, 24, of range 18, township 33, west of 4 and sections 32, 30, NE ¼ 26, 23, 22, W½ 19, 18, 17, 16, 15 and NE ¼ 13, of range 18, township 32, west of 4?

2. What was the total initial price charged the settlers for above lands?

3. What was the average price per acre?

4. What is total debt of soldier settlers or members of veterans guard still resident on these lands?

5. How many soldiers originally settled on these lands?

6. How many have paid for their land in full?

7. How many have abandoned their land?

8. How many are still resident?

9. How many are in the veterans guard but still hold their land?

Mr. CRERAR:

(As at May 23, 1944)

1. Nil.

2. $144,180 not including W½ of NE¼ 13, the N½ of NW 13, the N½ 14, the E½ of SE 14, the SE 24 and S½ of SW 23 all in township 33-18 W4th, all of which were withdrawn from the control of the soldier settlement board.

3. $16.38.

4. $35,448.30.

5. Forty.

6. Three.

7. Seventeen.

8. Thirteen.

9. Four.

WAR REFUGEES

Mr. JAQUES:

1. How many refugees have been brought from Europe to Canada, to date, during each month of the present year?

2. How many of each nationality?

3. How many of each religion?

4. How many have been settled in each province?

5. How many of these will engage in agriculture?

Mr. CRERAR:

1, 2 and 3. Information not available; the classification "refugee" is not included in immigration statistics.

A special group of refugees who arrived from Europe in April last were allowed in for the duration of the war but were not given permanent status. This group comprised 273 persons, divided by nationality as follows: Austrian, 19; Belgian, 7; Czechoslovak, 4; Dutch, 1; French, 14; German, 63; Hungarian, 17; Jugo-Slav, 12; Latvian, 1; Luxembourg, 2; Polish, 101; Portuguese, 4; Roumanian, 12; Russian, 7; Spanish, 7; Ukrainian, 1; Venezuelan, 1.

The religions of the group are shown as follows: Evangelist, 1; Lutheran, 10; Protestant, 3; Jewish, 223; Roman Catholic, 32; Nil, 4.

4 and 5. No information.

JAPANESE NATIONALS—PROPERTIES AND REHABILITATION

Mr. REID:

Up to the present time, what is the total of all sums collected by the security commission and standing to the credit of those of the Japanese race within Canada, giving, (a) sums of money owing or paid from all property, including farms under the Veterans' Land Act; (b) from fishing vessels; (c) for rehabilitation purposes?

Mr. MITCHELL: No moneys have been collected by the Department of Labour or the British Columbia security commission during its existence to the credit of the Japanese in Canada. The handling, disposition and accounting of the proceeds of real and personal properties situate in the protected areas of British Columbia of persons of the Japanese race evacuated from such areas is vested in the custodian of enemy property, Department of Secretary of State.

CANADIAN LEAF PIPE TOBACCO

Mr. FERLAND:

1. Have the licensed dealers or packers of Canadian leaf tobacco of the district of Joliette, Quebec, asked the wartime prices and trade board to raise their wholesale prices, because the prices paid to the tobacco producers are higher than the maximum prices authorized by the board?

2. Has the tobacco administrator recommended to the chairman of the wartime prices and trade board an increase in the wholesale price of Canadian leaf pipe tobacco, grown in the province of Quebec?

3. Has the special adviser to the chairman of the wartime prices and trade board, for the province of Quebec, made a similar recommendation?

4. Has the wartime prices and trade board arrived at a decision in connection with this matter; (a) if so, what is such decision; (b) if not, will such matter be examined and decided upon by the government?

Mr. ABBOTT:

1. No maximum price has been fixed by the board for this particular type of tobacco when sold by growers, but the licensed packers have asked for an increase in selling price because of increased cost.

2 and 3. Reports made by officers of the board are regarded as privileged.

4. The whole question is being considered by the board, and it is expected that a decision will be announced in a few days.

AIRCRAFT REPAIR LIMITED, EDMONTON

Mr. FAIR:

1. To whom was Aircraft Repair Ltd., Edmonton, leased at January 1, 1944?
2. To whom is it leased at the present time?
3. Was the former lessee refused renewal of lease?
4. If so, why?

Mr. CHEVRIER: The government-owned aircraft repair plant at Edmonton has never been leased to any contractor. As of January 1, 1944, this plant was operated by Aircraft Repair Limited on a standard aircraft overhaul and repair contract basis for the government and it is still so operated.

NATIONAL REGISTRATION

Mr. ROSS (Calgary East):

What procedure is followed to keep the records of the national registration of 1940 up to date in respect to each of the following: (a) changes in address of registrants; (b) marriages of registrants; (c) deaths of registrants; (d) registrations of persons who have attained the age of sixteen or have entered Canada since the general registration of August, 1940, and what were the respective totals of said address changes, marriages, deaths and new registrations received at the central registry in the year 1943?

Mr. MITCHELL: National registration records are kept up to date as far as possible in respect to subjects (a), (b), (c) and (d) through the following arrangements:

(a) Changes of address in most instances are reported to the chief registrar for Canada on printed "Change of Address" one-cent post cards obtainable at any post office in Canada, as provided in the national registration regulations. A considerable number of changes, however, are reported in letters from registrants. As changes are received they are recorded on the master registration cards of the registrants concerned. In the year 1943 the total number of address changes reported was 803,243.

(b) In accordance with the national registration regulations declaration of marriage forms are available at any post office in Canada. On completion of these forms the postmaster (all postmasters are designated as deputy registrars in the national registration regulations) supplies the wife with a new registration certificate in her married name and forwards the completed form to the chief registrar for Canada. On receipt of the forms at the central registry the name is changed on the master card and the date of her marriage is recorded. The change of conjugal condition and the date thereof is recorded on the husband's master card. The form provides for the reporting of the old and new address of both the husband and wife, and the master cards are revised accordingly. In the year 1943 the total number of marriages reported was 100,523.

(c) Through the cooperation of provincial vital statistics officials the central registry is advised of the deaths of registrants. Arrangements have been made whereby the national registration certificates of deceased persons are collected and forwarded to the central registry by funeral directors. In the year 1943 the total number of deaths reported was 64,585.

(d) Postmasters in their capacity of deputy registrars, register young persons as they attain the age of sixteen, issuing to them national registration certificates. The completed master cards are forwarded by the postmasters to the central registry, where they are incorporated into the records. The registration of persons who have entered Canada since the general registration of August, 1940, and of persons discharged or retired from the armed forces, who were not previously registered, is also performed by the postmasters. In the year 1943 the total number of new registrations received at the central registry was 234,863.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FEED GRAIN AND FODDER ADVANCES

Mr. PURDY:

By provinces, what has been the cost to the federal government (including unpaid balances outstanding) for feed grain, fodder and similar advances during the past twenty years?

BIRCH AND MAPLE VENEER LOGS

Mr. POULIOT:

1. What were the quantities of veneer logs exported, (a) to the United Kingdom and, (b) to other countries, during each one of the last four years?

2. What quantities of birch or maple veneer logs of both export and second quality were sold to the Guelph Cask Veneer & Plywood Co., Ltd., Scotstown, Que.; Canada Veneers Ltd., Saint John, N.B.; Dominion Shuttle Co., Lachute, Que.; Commonwealth Plywood Ltd., Ste. Thérèse, Que.; the Singer Mfg. Co., Thurso, Que., for each year from 1940 to 1944?

RELIEF OF WAR DISTRESS IN ALLIED COUNTRIES

Mr. BLACK (Cumberland):

1. Has a conference been held between the Minister of National War Services and representatives of certain Canadian organizations for the relief of war distress in allied countries, with a view to amalgamating several of such organizations?

2. If so, what are the organizations which it is proposed to unite; what are the aims of each, and who are the representatives of each, with whom the department has been in communication?

3. Is it proposed to hold a joint compaign for funds in 1944? If so, when?

4. What arrangements have been made or proposed for administration of such a campaign and of the funds so raised?

5. If the arrangements have not been completed, what is the reason for the delay?

6. Does the government propose to have representation on a joint board?

7. Have representatives been named?

8. If not why, and when will they be named?

CONSCIENTIOUS OBJECTORS

Mr. MACDONALD (Brantford City):

1. (a) How many postponed conscientious objectors has the Department of Labour placed in alternative service work camps in British Columbia under the administration of the forestry department of that province; (b) what percentage of these men were engaged in agriculture before entering this service; (c) will this arrangement be maintained during the fiscal year 1944-1945?

2. What work has been done by postponed conscientious objectors in alternative service work camps at Kananaskis, forest experimental station, Seebee, Alberta, and in the Banff, Alberta, area?

3. (a) How many men postponed by mobilization boards as conscientious objectors have subsequently joined any branch of the armed forces; (b) what regulations govern non-combatant service in the Royal Canadian Army Medical Corps or the Canadian Dental Corps?

4. (a) How much money did the Red Cross receive up to January 31, 1944, from postponed conscientious objectors; (b) how much was paid to the Canadian Red Cross society during the month of January, 1944?

5. How many men have been ordered to alternative service work camps for refusal to comply with direction they received?

LABOUR CONDITIONS—CANADIAN PACKERS, ST. BONIFACE

Mr. KNOWLES:

1. Did the United Brotherhood of Carpenters and Joiners of America, Winnipeg local union No. 343, appeal against the action of the national selective service office, in Winnipeg, in directing one or more members of said union to accept employment with Canada Packers, Limited, at St. Boniface, Manitoba?

2. If so, was the appeal allowed or dismissed?

3. What was the wage rate paid to any member or members of said union while employed with Canada Packers Limited?

4. Was this wage rate less than the rate normally received by members of this union in their regular employment?

5. Did the court of referees recommend to the Minister of Labour that a supplementary allowance be paid to such uuion members, under the provisions of section 212 (4) of the national selective service civilian regulations? If so, has this recommendation been implemented by the minister?

6. If the above-noted recommendation has not been implemented, is consideration being given thereto?

PRIME MINISTER CHURCHILL

SUGGESTED PUBLICATION IN VOTES AND PROCEEDINGS OF SPEECH OF MAY 24

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, following the motion which has been put by the Minister of Mines and Resources for the publication of Mr. Curtin's speech in our record, would he be good enough to tell the house what has been decided regarding the publication of the last speech made by Mr. Churchill at Westminster, that speech being the sequel of the work of the dominion prime ministers' conference?

Hon. T. A. CRERAR (Minister of Mines and Resources): I am unable to give my hon. friend a definite answer to that question. Hon. members are aware that I was not in the house on Monday or Tuesday. I shall again bring the matter to the attention of the Prime Minister—apparently it has not been brought to his attention—and perhaps my hon. friend can get an answer to-morrow.

Mr. POULIOT: And I will ask my hon. friend not to forget me this time.

CITY OF OTTAWA

JOINT COMMITTEE OF SENATE AND COMMONS TO REPORT ON FEDERAL-MUNICIPAL RELATIONS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I would like to ask the government a question growing out of the motion reported on page 3327 of *Hansard*, for a joint committee of the Senate and the House of Commons to report on federal-municipal relations. When the debate was on a month ago it was stated that a committee was to be appointed to deal with the whole general question of all municipal relations with the federal government in a national as well as in a local way. In view of the statement of the Prime Minister and others in that debate when it was announced that a committee was to be appointed, I would ask the government to look into the text of the resolution to see if it could not be broadened along the lines of the debate a month ago to include a national inquiry into municipal and federal relations, because the principles are just the same.

Hon. T. A. CRERAR (Minister of Mines and Resources): I shall bring the matter which my hon. friend has raised to the attention of the Prime Minister. The subject is one with which he has been dealing.

Mr. CHURCH: An inquiry was held in the United States and Australia, and it was national, not local.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Tuesday, May 30, consideration in committee of a resolution to grant to His Majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

DEPARTMENT OF FINANCE

Commodity Prices Stabilization Corporation, $140,000,000.

Mr. POULIOT: I do not intend to speak at great length about this matter, but this is something about which members of parliament have no information at all. The Commodity Prices Stabilization corporation is not mentioned in the dominion government telephone directory. If it is, I would like the parliamentary assistant to tell us—

Mr. ABBOTT: It is under the wartime prices and trade board.

Mr. POULIOT: They go together? I thank my hon. friend for his information. However, it is all the same thing; it is a branch of the wartime prices and trade board. In the commodity prices stabilization corporation, Mr. H. B. McKinnon is the president and Mr. Noble the vice-president, but I do not see the name of anyone who is bilingual, out of twenty persons. Yesterday in the Ottawa *Journal* there was a news item that referred to the answer given to the hon. member for York South that 293 dollar-a-year men were serving with the prices board. I have made a check in the telephone book of the names of those who appear here and I find only sixteen French names of persons who presumably are bilingual.

The question of the number of French-speaking or bilingual persons who are employed now in major positions in the war departments has been raised in the legislature of Quebec, and I have waited for a long time to take it up here. I will ask the parliamentary assistant to see to it that members of parliament are given some information about the exact number of high officials, bilingual, in these branches as well as in the Bank of Canada and on the foreign exchange control board, and also a description of the positions they hold. There may be a certain number of stenographers, grades 1 and 2, and perhaps 3, who are bilingual, but they occupy minor positions. When it comes to higher positions it is all a closed territory: Bilingual shall not apply.

[Mr. Church.]

I have waited a long time to say this. I had occasion to discuss the matter with some of my colleagues and several English-speaking people outside the House of Commons, and they all agree that the treatment accorded to the bilingual people in this country is something unbelievable, something that has to be remedied. That was said to me in Toronto as well as in Montreal and in London by broad-minded people who understand that the bilingual element in the country cannot be put in a reserve and cannot be treated in the way it has been by all the war departments. If the bilingual people in this country, and especially French Canadians in the province of Quebec, do not have fair treatment, it is not due to the majority of the English-speaking people; it is due to the stubbornness of some English-speaking ministers who do not act with fairness when the question comes up of employing somebody. The one who gets in has to be a close friend of the one who is in already. They are chums, they are pets, and they practice the same favouritism that was twice bitterly condemned unanimously by a civil service parliamentary committee.

My friend, I would say my young friend, the parliamentary assistant (Mr. Abbott), lives in the province of Quebec. He has friends in that province, he is admired in that province, and I am sure he reciprocates those feelings; but I cannot see why some people in the department are showing such stubbornness—I am glad the minister has come in because I would say this to him—in refusing to employ bilingual people in major positions. It is the same in the department of munitions; it is the same in many branches of the Department of National Defence. This is a war appropriation, and I may say that those who speak French are at times ill-treated by some of these fellows.

I have no charge to make against anyone individually; I wish to defend the rights of those who are bilingual, and who should not be ostracized on that account. It is enough to read the list of the high officials—and by that I mean those who have the right to put their name opposite a telephone number under the wartime prices and trade board. Out of approximately 293 there are only sixteen who are bilingual. Is that reasonable?

The province of Quebec is doing very well when it comes to subscriptions to war loans. It is at the top. The first place to reach its quota was a place in my county. Montreal

is doing exceedingly well, and even the small centres do very well, much better than other parts of the country. But when it comes to practical matters, when it comes to being given a chance, the bilingual men, especially from the province of Quebec, find the door closed. I protest most energetically against it and appeal to the good sense of the Minister of Finance. I will tell him that if no correction is made the people will remain of the opinion that it is due to the ministers themselves if the good people of my province have no better chance in the public service.

Mr. CHURCH: When this corporation was first appointed I brought to the attention of the house certain principles and facts about this policy which started its infancy in 1941. At that time early in the war things needed more control than they do now, and some stabilization. This vote has gone from $2,000,000 to $120,000,000 last year, and now it is proposed to make it $140,000,000, although we are near the end of the fifth year of the war. I contended, at that time, and I called it to the attention of the Prime Minister, that the two houses of parliament could broaden out their work and give a branch in another place some real war work such as this which they could consider and report on as is done by the senate at Washington.

The control system has done a good deal of good. There is no doubt about that, particularly at a certain stage of the war. But this stabilization corporation cannot do all the controlling and it is going to defeat the very objects and principles for which it was appointed. I remember Mr. Donald Gordon made a speech in Montreal at the start of this proposal. He said that during the fiscal year they would spend about $2,500,000. I think the Minister of Finance said he did not know exactly what it would be. No doubt he was correct at the time. He did not know what it would be because it was a problematical proposal. Mr. Gordon then made another speech a month later, in Winnipeg, at Easter I think. This second speech was made at Winnipeg. He said it would spend about $2,500,000. It has gone a long way beyond that. Can any business man tell me that he approves the expenditure of $140,000,000 at a time like this on a proposal such as this?

In the first place they applied the proposal to marmalades, jams, and all that kind of product. They waited so long that there was none of it on the shelves of the large and small stores to control. They waited so long that it became just a gamble in subsidies and their distribution, a gamble with unforeseen events. They are gambling with production and distribution. There are many other instances that I could mention. In the mother country they are getting away from that kind of thing and coming back to the old way of doing business and giving the retail man a chance. I know that some good has come out of this corporation. I admit that, but it has not been applied at the right time and it has not been applied to the commodities to which it should have been applied. You can go along the streets of the cities and see certain small retailers closing up. They have gone into the meat and butter business and a great many other articles of food and vegetables and many other things like this. I fail to see where we have been given value for our money.

We now have a consumers' league. From what I have seen and what I have learned about it and from what I know about the articles covered by the consumers' league—some of the gentlemen who compose it are teachers from universities, teachers trying to apply business principles and all that kind of thing to many articles with subsidy hand-outs—all they know about it is what they consume themselves.

I believe that protection is necessary at a certain time in the war, but the situation has all changed; and this is out of all proportion. We propose to spend $140,000,000 when we are told we have no money to build houses or practically no money to supply housing or for the care of soldiers, and when the small retailer and the working classes are asking for fuel and housing and all that kind of thing. While all this is going on we are going to take a big gamble in the manner indicated. I admit that there are some good men in this corporation, but some of them have never had any business training. They have never had any training in competitive business. I raised this question when the minister's estimates were up last year and the year before. A return was brought down on Monday and I notice that the control boards have 156 press agents and liaison officers boosting this proposal. Some of them write editorials and some of them prepare just ordinary write-ups in the newspapers. There is a staff of 156 in the department. I have seen pictures in some of the society papers of the gentlemen who compose some of these controls and the value of their work. While

I have supported the principle I believe it is catering to the big business man who buys in bulk and to some of the trusts along certain lines. It is not carrying out the functions for which it was set up, to prevent spreads and ensure stabilization, and to try to get the necessities of life to the consumer at reasonable prices. It is administered by a few gentlemen. Some of them doubtless have a great deal of capacity and ability. I believe some of the women's branch of the consumers' league do nothing but travel around the country making speeches at community clubs about the fine men and women in the department.

With regard to the consumers' league I fail to see where we are getting value for the money. I believe the time has come when this matter of this corporation should be dealt with by some committee. At Washington a committee of the Senate considers these things. There they have a duplicate house with ours. They have appointed a committee to inquire into these things. There was a complaint here on Monday about this very thing. I voiced that complaint many times about another branch in another place and the Prime Minister told me in 1941 and 1942 and 1943 that we were going to have a meeting with the other place and try to draft out some way by which those controls could be reviewed by a joint committee and other matters like that.

Mr. FRASER (Peterborough West): Would the parliamentary assistant—

Mr. CHURCH: I should like to have some explanation from the parliamentary assistant as to the increase of $20,000,000.

Mr. ABBOTT: I might give the break-down. Perhaps it will serve my hon. friend's purpose if I give him a break-down of the $140,000,000. The break-down is as follows:

Subsidies—Domestic	
Fruits and vegetables—canned dried, etc.	$ 4,500,000
Footwear—discount on leather	1,000,000
Furniture	500,000
Groceries	2,000,000
Glove and garment leather	750,000
Jams and jellies	1,000,000
Lumber	3,000,000
Meat products	1,000,000
Milk—consumers	25,000,000
Oils and fats	5,000,000
Transportation of foodstuffs	500,000
Wood fuel	3,000,000
Woodenware and wooden containers	3,000,000
Miscellaneous	3,250,000
	$53,500,000
Subsidies—Imports	62,000,000
Total subsidies	$115,500,000

The committee will understand, if they have read the report of the wartime prices and trade board, that the Commodity Prices Stabilization Corporation Limited imports certain commodities in bulk, and in some cases takes trading losses on those in order that they may be sold to the consumer at ceiling prices. The estimated trading losses total, whether realized or not, amounts to $20,000,000. The details are as follows:

Trading losses	
Alcohol—industrial	$ 2,500,000
Citrus juices	700,000
Cocoa beans	500,000
Coffee	1,000,000
Cotton yarns and fabrics	3,000,000
Dried fruits	5,000,000
Oils and fats	4,000,000
Miscellaneous	3,300,000
	$20,000,000

Then, too, we have an estimate of $1,500,000 for administrative expenses, and $3,000,000 for the Wartime Food Corporation Limited, making up the grand total of $140,000,000 as covered by the estimate.

Mr. NOSEWORTHY: On Tuesday I asked the parliamentary assistant for a statement with respect to potatoes. Could we have it to-day?

Mr. ABBOTT: Perhaps I might first give a brief background in connection with the potato subsidy. As the committee will recall, about this time last year the supply situation respecting potatoes in Canada was rather difficult. I recall very vividly that almost every day I was being questioned in the house as to what was being done in connection with the supply of potatoes. As a result of that short supply condition it was decided first to pay a subsidy on imported potatoes. Then, since Canadian new potatoes were beginning to come on the market it was felt it would be unfair to Canadian producers to subsidize imported potatoes, without offering a similar subsidy to the producers of Canadian potatoes. In normal times new potatoes are a luxury product, and when they first come on the market they sell at prices higher than those of old potatoes.

The situation last year was such that it was felt that as new potatoes came on the market they would have to be used, in order to fill current requirements. Consequently the ceiling price of new potatoes established in May, 1943 was fixed at the same rate as for old potatoes. At that time it was announced that a subsidy would be paid on domestically grown potatoes. I shall not go into details with respect to that subsidy. Generally speaking however it was to be at the rate of $3.75 per 100 pounds. Perhaps it would be well to give a little more detail than I had intended.

Subsidy was authorized to be paid to persons who purchased new potatoes direct from a primary producer or his agent for resale, provided that no subsidy would be paid on new potatoes purchased at prices f.o.b. original shipping point in excess of the following:

(a) $3.75 per 100 pounds when shipped on or before July 31, 1943;
(b) $3.50 per 100 pounds when shipped between August 1 and 15, 1943, both inclusive.
(c) $3.00 per 100 pounds when shipped between August 16 and 31, 1943, both inclusive.

There was in addition provision for the payment of necessary transportation charges and the allowance for shrinkage equal to five per cent of the maximum wholesale cost as fixed by order 236, which related to the selling price of potatoes. Transportation prices were not recognized in the case of potatoes grown within a radius of fifteen miles of consuming centres. The minimum quantity of new potatoes on which subsidy would be paid is seventy-five pounds.

To ensure that producers would have full opportunity to avail themselves of subsidy arrangements, wide publicity was given through the press, regional offices, wholesale and retail trade and the horticultural council, as respecting the growers and shippers.

The subsidy, as was the case with all these consumer subsidies, was administered by the Commodity Prices Stabilization Corporation. It was an exceedingly difficult subsidy to administer. With hindsight, which is always easier than foresight—

Mr. GRAYDON: And much more prevalent.

Mr. ABBOTT: Yes, and much more prevalent—it is possible that another method would have been decided upon to take care of this situation. The chief difficulty, I believe, arose because in August, a period which hon. members will recall, when the subsidy was at the $3.50 rate and the $3 rate—and I know the hon. member for Victoria-Carleton knows a great deal more about this than I do—the price of potatoes dropped very materially. It is evident now that no subsidy would have been necessary in order to get potatoes. But I think the committee should remember this, that at the time the subsidy was decided upon, and at the time the public, the producers and the dealers were told that such subsidy would be paid, the condition which developed was, of course, not known.

Mr. HATFIELD: The subsidy was payable only under certain conditions.

Mr. ABBOTT: The conditions were fairly well known, and they were the same for everyone. Briefly they were these, that in order to qualify for a subsidy a purchaser must have paid a price not in excess of the figures I have mentioned, namely, $3.75 during one period, $3.50 during another and $3 during a third. The subsidy would cover only the difference between the price he paid, and the wholesale ceiling in the market in which he was selling the potatoes.

In other words, to illustrate, if the wholesale ceiling in the Montreal market was $2.73—and I think that is what it was in August—and the dealer paid $3 per 100 pounds for his potatoes, the subsidy he would be entitled to receive, leaving aside any question of transportation costs, would be 27 cents. If the market price of potatoes on the Montreal market at about that time should fall to $2.40 he obviously would take a loss on his purchase, because he was entitled only to receive a subsidy down to the ceiling price for that market.

That, briefly, outlines the conditions under which the subsidy was payable. The hon. member referred to some claims which he said were made, and which he understood were improper. Complaints have been received by the corporation with respect to claims made by a certain dealer. Those complaints have been investigated, and the corporation has come to the conclusion that those claims concerning which the complaint has been made were imroperly filed, and subsidies improperly paid. A claim has been made for refunding of the subsidy. I do not know that it is necessary to indicate the name of the claimant.

Mr. GRAYDON: Is there only one involved?

Mr. ABBOTT: More than one, I think. I believe there are some producers involved, too. I am not suggesting that there were any improper claims, in the sense that they were fraudulent. The suggestion is that the claim made was not proper within the regulations governing this subsidy, and that consequently the subsidy was not properly paid.

Mr. HATFIELD: Would the investigators' report be available to the committee?

Mr. ABBOTT: I do not think I should make the investigators' report avaliable to the committee. I believe the stand has always been taken, in connection with these government boards, that the report of investigators to their superior officers are privileged documents. I believe that is sound ground.

Mr. HATFIELD: Is it not correct that claims made by other shippers from New Brunswick in August were refused?

Mr. ABBOTT: I am advised that no claims made in proper form and coming within the conditions set out were refused.

Mr. HATFIELD: The board claimed they were not made in proper form. There were other claims made, though.

Mr. ABBOTT: A certain number of claims were made which the corporation came to the conclusion were not within the regulations laid down and they were rejected for that reason. The claims which the corporation decided had not been properly filed and were not payable were not for large amounts. They had not been made within the time limits or under the regulations laid down for the payment of this subsidy.

Mr. HATFIELD: What is the board going to do with regard to refund?

Mr. ABBOTT: I indicated a moment ago that they have notified the person to whom the subsidy was paid that it must be refunded.

Mr. HATFIELD: If it was improperly made, I agree with the parliamentary assistant in that regard. For the information of the committee I may say that there were about twenty shippers in my constituency. There were some in the county of York and some in other counties. Only one shipper out of the twenty put in a claim for the subsidy. He stated that he had paid the producers $3.50 a hundred during the first part of August and $3 a hundred during the latter part. That claim was paid, but the claims put in by other shippers who had shipped the same grade at the same time during August, who had paid the same price, were refused. It seemed that one shipper in the province had a monopoly on the subsidy. We heard about a monopoly on bottles in Nova Scotia, but this seems to be a monopoly on the subsidy. Then the report goes out in the newspapers implying that the other eighteen or nineteen shippers had made a claim for subsidy and had held back the money. They did not do this, and in order to clear the names of the other shippers in the minds of the producers, in order to show that they had not received subsidies by presenting improper invoices, the whole thing should be clarified. I should like the parliamentary assistant to explain how it is going to be clarified.

Mr. ABBOTT: I have indicated that as a result of these complaints and investigations which were made the corporation concluded that the subsidy which had been claimed in the case of one or possibly two shippers had been claimed improperly and that consequently the subsidy had been improperly paid and the return of the amounts paid would be demanded from the particular shipper or shippers. I think two were involved. Presumably if refunds are not made voluntarily the proper legal proceedings will be taken to enforce the claim.

Mr. HATFIELD: There were two shippers involved. One shipper shipped only his own production, and I do not know how you will get a refund. He got in through a loophole in the regulations and I do not know how you will get that back. He could pay himself what he liked for the potatoes. The other shipper bought potatoes and falsified the invoices, which is another matter.

Mr. GRAYDON: After it became known that a subsidy had been paid to one large firm in New Brunswick I understand that the special investigator in the province, Mr. Daniels, who was working under the jurisdiction of the wartime prices and trade board, was sent in to investigate the charges that had been made with respect to the illegal collection of subsidies on the sale of potatoes. This report has caused a good deal of concern in New Brunswick and not a little bit of interest. The local press in New Brunswick have been intensely keen in their requests for a clarification of the situation.

If my memory is not faulty, one local newspaper indicated that one of these firms had been so solicitous for the producers with whom they were dealing that they were able to get a rather substantial subsidy, while other bona fide dealers were placed in the ridiculous light of either not having known that a subsidy was being paid or not knowing how to operate the machinery so that the subsidy could be collected. It seems to me that the parliamentary assistant must do something more with respect to the airing which this matter has been given in the press of New Brunswick than simply say that the report of the special investigator, Mr. Daniels, must not come to light.

I raise this as a matter of principle with respect to the wartime prices and trade board. It is not holy ground that the wartime prices and trade board are treading so far as the public of Canada are concerned. We are not going to allow in parliament an extension of the bureaucratic principle in connection with irregularities—I am not making any charge with respect to that because I have not seen the investigator's report. Parliament is the last line of defence for the taxpayers of Canada, and we have not only the privilege, it is our duty to inquire into what happened to this money and why it was paid illegally. It is not enough for the parliamentary assistant to attempt to hide behind—I do not say that offensively—

Mr. ABBOTT: We are not hiding behind anything.

Mr. GRAYDON: I am not going to take back the words. If the parliamentary assistant wants to object, he may do so. I was trying to be inoffensive, but perhaps I had better use the term, because I think it is more proper than I thought in the first instance. Here is the position in which the parliamentary assistant finds himself. He has the report in his hand—

Mr. ABBOTT: I have not the report in my hand.

Mr. GRAYDON: Perhaps I had better ask a question. If the parliamentary assistant has not the report of Mr. Daniels, I would like him to say so.

Mr. ABBOTT: I have not received the report from Mr. Daniels, if that is his name. I believe he is the chief investigator of the Commodity Prices Stabilization Corporation and has made a report to Mr. Hector McKinnon, president of the corporation.

Mr. GRAYDON: Does that mean that the only way we are going to get information—

Mr. ABBOTT: I have no doubt I can see it if I ask for it as a representative of the minister.

Mr. GRAYDON: We have got into a worse position than I thought we were in in the first instance. The governmental representative, let alone parliamentary representative, has not seen the report. I would not have raised this question quite so prominently at this time if it were not for the fact that I was greatly impressed by the local press having raised this question. The people of New Brunswick are intensely wrought up about the whole situation. In order to protect his own department and the Commodity Prices Stabilization Corporation I think the parliamentary assistant must give to this committee the details of the report made by the special investigator. I hope the parliamentary assistant is not going to take the position that these things are going to be done behind closed doors. We have had plenty of that; I do not think we want an extension of it. I speak this way only because I believe there is a definite principle involved so far as the taxpayers of Canada are concerned.

Mr. NOSEWORTHY: Will the parliamentary assistant tell us in what respect the returns of all the shippers were not correctly filled out? In the second place, when was it discovered that the report made by the shipper who received the subsidy was not properly filed? I would add that press reports indicate that one shipper, a former defeated Liberal candidate, received the subsidy, which has been paid out to the producers in sums ranging from ninety to one thousand dollars each, and further that the books and records of the shipper had been examined by a government inspector before the returns were filed. I think we should know in just what details the returns were incorrect, and when was it discovered?

Mr. ABBOTT: I do not remember the exact date, but complaints were received some months ago, perhaps partly as a result of representations made by the hon. member for Victoria-Carleton, that this particular claimant for subsidy was not entitled to receive it.

Mr. HATFIELD: I never made any such complaint. I wanted to know why, if one shipper received the subsidy other shippers did not?

Mr. ABBOTT: In any event an investigator was sent, either from the Saint John office or from Ottawa, some months ago.

Mr. HATFIELD: Mr. Herson was sent from here.

Mr. ABBOTT: That would be about a couple of months ago. The investigator's report made at that time was that the claimant's books and records showed that his claim was in order. That report was sent to Mr. McKinnon, chairman of the Commodity Prices Stabilization Corporation. The matter was afterwards pressed further by some others, and Mr. McKinnon decided that further investigation should be made. He sent Mr. Daniels, chief inspector of the Commodity Prices Stabilization Corporation, to New Brunswick, and Mr. Daniels made a further investigation. This investigator went farther than the original investigator had done. He went around and saw a lot of farmers from whom these potatoes had been purchased. As a result of the investigation which he made he reported that the claims for subsidy which had been made were not in accordance with the regulations, that some of the statements in the claim were inaccurate, and that in his opinion the subsidy had been improperly paid. That report was received I think within the last week, and it is as a result of that second report by the chief inspector that the claim for refund has been made.

With reference to the request of the leader of the opposition that the report of the chief investigator should be tabled, I am the last man to keep anything back that should be produced. But I suggest that it is not proper to produce to parliament the report of an investigator which is presented to a government department or to the Commodity Prices Stabilization Corporation, which is substantially the same as a government department.

I am no expert in deciding on privileged documents, but while any member is entitled to ask any specific question about any specific detail, I suggest that this is not the type of document which should be producible. I suggest that to produce it would create a dangerous precedent.

The hon. member for York South said to-day, and also the other day, that this particular claimant is a defeated Liberal candidate. He may or may not be; I do not know. My hon. friend has not been here very long and may not know Mr. Hector McKinnon, who is head of the Commodity Prices Stabilization Corporation, as well as many other members know him, but I think every member who does know him knows that Mr. McKinnon who is responsible for passing on the validity of the claims for subsidies, is not influenced by any political considerations. He is not concerned at all with whether a man is a Liberal or a Conservative. I know the payment of these subsidies has nothing whatever to do with a man's political opinions. I do not think the hon. member for Victoria-Carleton would make this suggestion otherwise, but the hon. member for York South has twice by innuendo suggested that the payment may have been influenced by political considerations.

Mr. CHURCH: We are spending money like water on subsidies. This house is divesting itself of all control of the Commodity Prices Stabilization Corporation. When the corporation was created I asked the minister what control parliament had over it, and the reply that was brought down in a return was that the minister leaves the payment of subsidies to the officials of the board. I have seen them making speeches to boards of trade and retail merchants' associations. Then they come along and announce a subsidy.

Item stands.

Progress reported.

THE ROYAL ASSENT

A message was delivered by Major A. R. Thompson, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Honour, the deputy of His Excellency the Governor General, desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, the house went up to the Senate.

And having returned.

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General has been pleased to give in His Majesty's name royal assent to the following bills:

An Act to amend the Judges Act.

An Act respecting the appointment of Auditors for National Railways.

An Act to repeal the Water Meters Inspection Act.

An Act respecting the Canadian National Railways and to provide for the refunding of matured, maturing and callable financial obligations.

An Act to authorize an Agreement between His Majesty the King and the Corporation of the City of Ottawa.

An Act for carrying into effect the Agreement for United Nations Relief and Rehabilitation Administration between Canada and cerain other Nations and Authorities.

An Act respecting Vancouver, Victoria and Eastern Railway and Navigation Company, The Nelson and Fort Sheppard Railway Company and Great Northern Railway Company.

An Act respecting The Kettle Valley Railway Company.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1945.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed consideration in committee of a resolution to grant to His Majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

DEPARTMENT OF FINANCE

Mr. CHURCH: I wish to call the attention of the minister to some features of these stabilization bonuses, subventions and so on, which now amount to $140,000,000. The minister gave a break-down of the figures and it includes for fruits and vegetables, $4,500,000; for discount on footwear, $1,000,000; for furniture, $500,000; groceries, $2,000,000; gloves-leather, $750,000; lumber, $3,000,000, and so on. The trouble with this policy, as I see it, is that it is sectional.

I have confidence in Mr. Hector McKinnon, whom I have known all my life, and I believe that he is a faithful public servant. But politics in this country being what it is, I suggest that the whole principle of bonuses and subventions is bound to be mixed up in politics. I have seen some of the effects produced by premature announcements made by some ladies and gentlemen of the control and consumer

league who go around the district from which I come, predicting subsidies. They discuss many of the articles that are covered in the very break-down that the minister gave. Some of these people appear at some dinner, or some other meeting, perhaps, and they make an announcement which I would regard as being tantamount to a tip-off on what is going to be done. Take jams and jellies, in connection with which an amount of $1,000,000 is mentioned. That bonus, and the distribution of it, had been proposed for some weeks, and afterwards it was found that there were no supplies on the shelves of the retail stores or big stores. It may not be so intended, but in my opinion the whole policy operates indirectly against the small businessman, the retail man, while the larger industries, the departmental stores, are well able to take care of themselves. No doubt they do much good work, but the policy may be of advantage to them.

I cannot understand why, when the proposal was first made, when the policy was first started, it did not take into account one of the most important items so far as the householder is concerned. I refer to coal and wood fuel: I cannot see why this item was not included from the first day of the policy. People have to have a fire in their homes for seven or eight months of the year, and there should be a ceiling and subsidy to aid it. They can do without some articles of food for a while but they must always have fuel.

There is another matter I would urge upon the minister. I suggest that some part of the fund should have been utilized for building small houses and for materials in connection therewith, for the benefit of the working classes. The government did go into this policy in 1928, and again in 1936, 1937 and 1938, and some $85,000,000 was spent in bonuses through the banks. The government guaranteed repayment of the money to the banks.

These are two of the main items that should be covered by a stabilization policy of this kind. The growers and shippers also may have a tip-off, I do not know; at any rate I suggest that there is much room for improvement in this matter. This policy should cover necessaries of life for the benefit of the poor people of the country.

Another question I would ask the parliamentary assistant is this. Who audits the business of this corporation? Where is this famous war expenditures committee? Have they control over this $140,000,000? This is a war measure. Has that committee no control over it at all? In a letter he wrote to me some time ago, and which I read in the house, the auditor general said that he had no control over funds which are in the four corners of the war appropriation bill.

I do not wish to throw cold water on this stabilization scheme, because it has done much good for the consumer, but they are spending money like water, and I would point out that on seasonal products the consumer does not get the benefit. I read the market returns for the St. Lawrence market and the markets in the Toronto district and I know there is an increase. Never mind what the index shows; the index is not always correct, at any rate from the point of view of the small people. Take fuel, fuel wood and such things. I believe the proposal was last season that in the larger cities this fund could be used to give seventy-five cents in connection with the hauling of coal, to provide for expenses to the small retail man who has to go to the waterfront and get coal, put it on a cart and take it through the town when the thermometer is low and the roads are bad. This is one matter to which attention might very well be given. A deputation came from the municipalities last winter and made representations in connection with this matter, but the seventy-five cents was not allowed. In my opinion, if ever a case was made out it was made out on that occasion by these people who come from the larger centres of population.

There is a good deal of room for improvement in the administration of the fund and its distribution, because in my opinion it does sometimes savour of politics. It seems to be sectional. I do not know how people can buy strawberries with the prices charged for them. Take the $3,000,000 in connection with lumber. There is scarcity of material, and boards of education are finding it difficult to get lumber and light steel for the construction of buildings.

I suggest that the corporation should hearken to the handwriting on the wall and do something to help the coal industry, especially the small coal dealers, who should be given a small subsidy for delivery. Something should also be done to help the housing situation by the subsidy principle.

Mr. HATFIELD: I am sorry that a mix-up occurred in my constituency, and in all fairness to the board I will say that I do not think a certain shipper, because he was a Liberal candidate in the last provincial election, was given a subsidy on that account. I do not think the board knew what side of politics he was on. I do not know that the shipper and the growers who received the subsidy were all to blame. I understand that this particular shipper came to Ottawa in the month of August and was misled by a Mr.

McEwen of the stabilization board. He went to Mr. McEwen for instructions in the making out of a claim and that gentleman gave him absolutely a wrong idea. He went home and from that wrong idea induced the growers to give him an invoice that was much higher than the price they received for their potatoes. I do not believe that the shipper was all to blame, but I submit that, in order to clarify the situation, the money should be returned; otherwise the other shippers are being left in an invidious position.

I do not think there is any politics in it here, but when it got to New Brunswick politics came into it. They tried to make out that I did not know anything about these regulations, and they also tried to make out that the other shippers received the subsidy, put it in their pockets and did not pay it to the grower, so that it put the other shippers in a very bad light among the growers. I would like to have the whole situation clarified, because I do not think it will put the board in a very good light if the money is not returned. We want some guarantee that the money will be refunded.

I do not believe that the board can justify prosecutions against these people, but, I repeat, the money should be returned. In the first place the subsidy was wrong. When the price of potatoes went down the grower received no subsidy, and when it was up he received the subsidy. That was wrong. With new potatoes that are produced and harvested in July and August the growers get only half a crop and they should have received a bonus or subsidy.

I think the domestic bonus or subsidy should be a floor. I think it is a good idea to encourage the digging of potatoes before they get mature and particularly last year when we had a short supply in June and the first part of July when there were $812,000 paid out in subsidies on imported potatoes from the United States. In my opinion this subsidy was only wasted. There was no justification for any subsidy on imported potatoes from the United States last spring except the first part of June. There were about $100,000 paid out the first part of June. There may have been justification for that up to June 10 last year, but after that you could have bought all the potatoes that came from the United States away below our ceiling price. This subsidy developed into a racket. There were imported into Canada No. 2 potatoes upon which a subsidy was paid. Those potatoes were put into cold storage in Montreal and afterwards exported to the West Indies. At least fifty per cent of the $812,000 was paid out without any justification whatsoever. I think the claims were fraudulent. I want the parliamentary assistant to have the board look into it. If that is done I think he will find, if he goes to the cities of Montreal and Toronto with a proper investigator, that he will dig out more fraudulent claims than come from New Brunswick.

[Mr. Hatfield.]

Mr. GRAYDON: May I continue with another matter in connection with—

Mr. ABBOTT: Would the leader of the opposition mind if I answered one question?

Mr. BLACK (Cumberland): Before that is done I should like to ask a question or two. I have had complaints from Nova Scotia—

Mr. ABBOTT: I wanted to deal with one point. I understand the hon. member for Victoria-Carleton raised a question about some of the potatoes on which a subsidy was paid and which were subsequently exported. I am advised that the subsidy was recovered on any potatoes that were exported.

Mr. HATFIELD: It may have been recovered on some but on others it was never recovered.

Mr. BLACK (Cumberland): I do not wish to interfere with the discussion between the hon. member for Victoria-Carleton and the parliamentary assistant having to do with clearing up certain phases of the potato subsidies. There is no one in this house, no one in all Canada, who understands the potato trade as does the hon. member for Victoria-Carleton.

There has been considerable discussion with respect to this subsidy on potatoes. I do not fully understand it yet. I do not know why the subsidy was paid at the time it was paid and in such large sums, totalling, as the hon. member has just said, $812,000. This creates confusion all over the country and dissatisfaction in Nova Scotia and Prince Edward Island. I have had a large number of requests for information from Nova Scotia and Prince Edward Island with respect to this question. I have not been able to answer all the inquiries made of me. I do not know why a subsidy should be paid on new potatoes when there are hundreds of thousands of bushels of old potatoes still in the country ready to go on the market. I am advised that was the situation in June and July, and even in August when these large bonuses were being paid.

In response to inquiries made of me I put questions on the order paper on May 26. I asked the following questions:

1. What sums were paid as subsidy for the production or marketing of new potaties in the fiscal year 1943-44 in (a) Canada; (b) Nova Scotia; (c) New Brunswick; (d) Prince Edward Island?

The answer is:

1. Subsidies amounting to $722,411.96 were paid.

The reply says that the records are not broken down by provinces. I cannot give my people information if I am not able to get it through the house from the officials.

Question No. 2 was:

What sums were paid in the last fiscal year by the government for freight on potatoes within or into each province?

The answer is:

The following amounts were paid by the Commodity Prices Stabilization Corporation Limited during the fiscal year 1943-44 to cover extra transportation costs on potatoes diverted from their normal markets to areas of shortage:

Old potatoes (1942 crop).....	$15,012 38
New potatoes (1943 crop).....	5,368 85

I am not able to give the people making inquiries of me justification or the basis upon which these moneys were paid out. The reply again goes on to say:

The corporation's records are not broken down by provinces.

Nova Scotia and Prince Edward Island received practically nil.

Question No. 3 was:

What was the basis upon which payment was made of (a) subsidies; (b) freight; (c) purchases?

The answer to that question does not give the information.

My fourth question was:

What quantity of potatoes was imported into Canada from the United States of America in the last fiscal year, stating on what permit or authority?

That appears to be a reasonable question. Producers of potatoes are entitled to that information. The answer I received to the question is:

No information.

I think hon. members of this committee should have that information in connection with these very large expenditures.

My fifth question was:

What subsidies, freight allowances or reduction of import charges and exchange were allowed?

The answer is:

The sum of $817,623.79 was paid by the Commodity Prices Stabilization Corporation during the fiscal year 1943-44 by way of subsidy on potatoes imported into Canada from the United States of America.

I think the producers in the provinces of Nova Scotia, New Brunswick and Prince Edward Island are entitled to more detailed information as a justification for that and how it has been expended than I have been able to procure.

The answer to my question continues:

Effective May 1, 1943, the war exchange tax on imports of potatoes was removed by P.C. 3757, dated May 6, 1943. The removal of the war exchange tax was extended indefinitely, and the special excise tax was removed, effective June 22, 1943, by P.C. 4894, June 15, 1943, as amended by P.C. 7078, September 9, 1943.

The members of this committee, the dealers and the producers of potatoes, are not able to follow these many orders in council, and I am not able to get the information in justification of these expenditures. There should be clear information as to the moneys expended on these subsidies on potatoes and many other commodities.

When the Minister of Agriculture had his estimates on the war appropriation before the committee he reported that there had been subsidy appropriations of more than $70,000,000. Farmers and potato growers who are producing necessary food are surely entitled to full information with respect to expenditures for subsidies to which they are entitled or that are paid out to others in other parts of Canada. I am not satisfied with the return placed in my hand. I am not able to forward to those who communicated with me the information which I feel they are entitled to have.

Mr. NOSEWORTHY: There is one matter I have been unable to understand, from the statement of the parliamentary assistant. I understand that if a shipper of potatoes had paid a producer, let us say $3, for the potatoes, he could then have collected a subsidy from the government.

Mr. ABBOTT: Down to the ceiling price.

Mr. NOSEWORTHY: Which, if he chose—and some did choose—he could pass back to the producers.

Mr. ABBOTT: If he had paid it to the producer he would have paid it before he claimed and received subsidy, of course, and he would not have been able to sell it for more than the ceiling price.

Mr. NOSEWORTHY: In the event of his having paid $3 to the producer, he could claim a subsidy. But in the instance where the producer received only $1.80, he was entitled to no subsidy at all?

Mr. ABBOTT: That is right. He was not entitled to a subsidy, if $1.80 was less than the ceiling price. That is correct.

Mr. NOSEWORTHY: In other words, the subsidy was to bonus the producer when he got a good price for his article.

Mr. ABBOTT: No; the subsidy was to enable the consumer to purchase potatoes at the ceiling price. It happened that in May of last year, when this subsidy was decided upon, Canada was practically out of potatoes. The hon. member for Victoria-Carleton nods

his head. He knows the potato situation, as someone has said, probably better than anyone else in the house. The fact is, however, that we were practically out of potatoes in Canada. The price of potatoes in the United States, the only place at that time where we could get them, was high. It was decided that we would have to pay an import subsidy, and it was also necessary, as I said this afternoon, to require the use of new potatoes as soon as they could be secured. I pointed out, too, that under ordinary circumstances new potatoes are a luxury product, and in the early season command a higher price than do the old ones. Under normal circumstances the public always have available the choice between purchasing new and old potatoes. They may purchase old potatoes at the old potato price, or if they wish to have the pleasure of eating new potatoes, they may buy the new ones at a higher price. But because of the short supply conditions last year it was necessary to use all the old potatoes available—and there were practically none—and to accept new potatoes. So that the ceiling price on all potatoes was fixed at the same figure. In order to induce growers to dig their potatoes as early as possible it is my understanding that the subsidy was provided, so that if a dealer purchased at $3.75 in the early part of the season he was obliged to sell those potatoes at the ceiling. And the difference between the ceiling price and what was paid was the amount of the subsidy.

Mr. HATFIELD: In other words, the consumer was the only concern of the wartime prices and trade board. They were not concerned about the producer at all. It was a consumer subsidy, not a producer subsidy. While these potatoes were being imported from the United States, and a subsidy paid on them, the United States market at that time was away below the ceiling in Canada. Growers adjoining the city of Montreal, and others in Ontario, were advised to hold their potatoes in the ground, while potatoes were being imported from the United States. Then, when the growers near Montreal were ready to dig their potatoes, after holding them two or three weeks in the ground, they found that the city was filled with United States potatoes, and the market had gone down below the ceiling price. So that the growers around the markets of Montreal and Toronto lost money.

Mr. GRAYDON: Following the point I raised this afternoon in connection with the New Brunswick potato situation, there are one or two matters which do not seem clear to me, and which I think the parliamentary assistant might be able to clear up quickly. He admitted there had been an investigation of the situation in New Brunswick in connection with one shipper.

Mr. ABBOTT: Two investigations.

Mr. GRAYDON: Well, I am not much interested in the first one, because the parliamentary assistant said it was not much good, anyway. He implied that the second one is the important one, and that the investigation made by Daniels, who was sent from—

Mr. MICHAUD: Mr. Chairman—

Mr. GRAYDON: The Minister of Transport seems to be interested in this, too. I do not know just how he is connected with it. In any event, the parliamentary assistant took a firm and, I thought, a most arbitrary stand this afternoon with respect to the production and tabling of the report from Daniels. I believe the principle involved is one which should not be permitted to pass without strong protest and argument. I say that we have to be very careful in adopting a principle of that kind—and I say it without the slightest desire of doing more than establishing a proper principle. I should like the parliamentary assistant to understand that. I do not raise the point only for the sake of criticism of his department. It may seem at times to the parliamentary assistant, from his position inside the workings of the department, that the suggestions, urgings and pleas made by hon. members in this group to have the workings of the government brought into the open, go farther than the interests of the public might demand. I say to him, however, that if an error has been made during this parliament, then it is that we have not often enough forced the government to disclose what is going on behind the doors of the various bureaucratic organizations and institutions in Canada. In that regard we, as members of parliament, have a duty to the electorate. Debates in the house of recent date would indicate that many things are being done without even members of parliament having an opportunity of being consulted.

Therefore I ask the parliamentary assistant to give the details in this instance, and to table the report of this Mr. Daniels, who made the investigation; because, if even a small part of the charges or allegations made by the hon. member for Victoria-Carleton is true, then it seems to me the parliamentary assistant is placing a very mild interpretation upon the disclosures made in the report, and in respect of the whole problem concerning this one shipper.

Mr. ABBOTT: That is not what the hon. member for Victoria-Carleton suggested.

Mr. GRAYDON: Perhaps the parliamentary assistant may be putting a wrong interpretation upon what was said. I was not in the chamber when the hon. member began his speech to-night, but it is my understanding—one which I believe will be borne out—that there were more than just ordinary irregularities.

Mr. ABBOTT: The hon. member for Victoria-Carleton placed the blame upon an official of the Commodity Prices Stabilization Corporation.

Mr. HATFIELD: Not all of the blame.

Mr. ABBOTT: *Hansard* will show. The hon. member gave the name—a Mr. McEwen—and said that he had given misleading information. I am paraphrasing what was said by the hon. member. He pointed out that the shipper in question had come to Ottawa and received misleading information from a Mr. McEwen in the Commodity Prices Stabilization Corporation which had induced him to put in claims in this way. That I think is a fair statement of what occurred.

Mr. GRAYDON: So far as the situation as now described by the parliamentary assistant is concerned, taking it even in that position, I think the whole matter now becomes less clarified than ever. The parliamentary assistant has not gone very far in giving us the exact particulars of what actually did occur. I take it that he is still continuing to refuse to table the report. He nods his head, so that I take that to mean that we are not intended to have it at the moment. I am going to ask the parliamentary assistant for some information to which I think we are entitled. If the report is not to be tabled I would ask him to give us the main features of that report.

I want to know and I think the committee is entitled to know, first, what the fiindings of Mr. Daniels were with respect to the shipper. Second, I want to know what findings Mr. Daniels made with respect to his interviews with the producers. Third, I want to know what recommendations Mr. Daniels made as to what should be done with the shipper involved, whether he should be prosecuted or whether there should be an ordinary claim made and how long a time should elapse before the money is paid back to the government. I am anxious to know what recommendations were contained in the report with respect to avoiding a repetition and assuring that there will be no repetition of the situation which now exists and which has been uncovered.

Those are matters which I think are very important. It has been rumoured that the attorney general, who is also the Premier of New Brunswick, came to Ottawa either last week or this week on this particular mission, to deal with this one particular problem among others. I should like the parliamentary assistant to indicate to the committee whether during the interviews which took place between the attorney general of New Brunswick and his department any question of the prosecution of the parties involved was considered and what decision was arrived at with respect thereto. These questions are important in view of the fact that the report is not being laid on the table. Against that principle I am urging very keenly to-night. I think it is a wrong principle. There should not be such a line of demarcation drawn by the government, and sometimes by boards such as this which in many cases seem to be supra-government authorities. I do not very often become vehement in my protests against what I think are injustices.

Mr. ABBOTT: Fairly often.

Mr. GRAYDON: My hon. friend says, "fairly often," but the parliamentary assistant must expect some severe criticism because, after all, we on the outside looking in have not the opportunities of those on the inside looking out. The result is that we can only inquire, we can only ask and we can only demand. But we have certain rights as members of this house to ask a disclosure by the government of particulars when public funds are involved. If we have not the right to inquire into a matter such as this then we may as well extend this principle right across the whole government expending board.

I am going to ask the parliamentary assistant to reconsider the question of letting us know what happened in this instance. Let us know what the government investigator found. These investigators are paid by the people who send us here as members of parliament, and there should be every opportunity of having an account of this stewardship. That principle should prevail in a democratic country. So that I ask the parliamentary assistant for answers to the questions I have asked. In addition I want to protest vehemently against what I consider to be an abuse of our democratic and parliamentary institutions. I do not like to see this parliament placed in the position where "not in the public interest" is flaunted like a brilliant flag in order to threaten and scare those who would inquire or those who would criticize from time to time. We want the truth. We want a disclosure made in the public interest, and I am asking the parliamentary assistant with as much emphasis as I can summon to my command to see that this principle of democracy shall not be entirely overlooked.

Mr. ABBOTT: First on this question of principle, I have not had the experience of my hon. friend in parliamentary matters, but I have always understood, and I believe I am correct, that confidential inter-departmental communications, which of course is what this report is, have always been considered as privileged. I am quite sure that that was exactly the stand taken by my hon. friend and the leaders of his party when they were sitting on the right of Mr. Speaker.

Mr. GRAYDON: I have not sat on the right of Mr. Speaker.

Mr. ABBOTT: As I say, my own experience is quite limited, but I am convinced, and it has always been my understanding, that that was a well accepted principle of parliamentary practice, governmental practice, or whatever you want to call it. I would suggest that to produce this confidential inter-departmental report would be creating a very dangerous precedent.

Mr. GRAYDON: Why would it be creating a dangerous precedent? It will be creating a dangerous precedent not to produce it.

Mr. ABBOTT: If these investigators feel that they cannot make a report in confidence to their superiors, that they cannot make a report which is not liable to be tabled, then the public interest will suffer. My understanding is that that principle has been recognized in government practice for years. I do not think it is even open to argument, and I say that with all diffidence because I am a neophyte in parliamentary procedure. But that is my understanding and it is for that reason that I am not prepared to produce this report. Not that there is anything in it to conceal.

In replying to my hon. friend's requests I shall try to summarize the report along broad lines. Mr. Daniels, who made this investigation, came to the conclusion that the prices which it was understood were paid or contracted to be paid to the growers were not the prices which were actually received and that, consequently, on an analysis of the transactions it was clear that under the regulations the subsidy was not payable. He recommended that under those circumstances, as he was bound to recommend, as any investigator would recommend, that the subsidy had been improperly claimed and paid and should be recovered. A demand has been made on the recipient of the subsidy to pay it back. I indicated this afternoon that if that demand is not complied with I assume the corporation will take the appropriate legal proceedings against the recipient of the subsidy to see that it is paid back. My understanding is that the recipient of the subsidy is perfectly solvent and able to pay. That is the story as far as the particular subsidy question is concerned.

My hon. friend referred to the attorney general and premier of New Brunswick being here and looking into this matter. So far as I know he had no interviews with the Department of Finance. I believe he did go to see Mr. McKinnon of the Commodity Prices Stabilization Corporation, but I have no personal knowledge as to that. That is about all I can say on this particular subsidy claim.

Mr. HATFIELD: What I said was that some fault might be attached to Mr. McEwen of the Commodity Prices Stabilization Corporation for giving the shipper a wrong steer. But I do not think for one minute that the officials of the board would advise a man to go out and get false statements from the growers in order to get a subsidy.

Mr. PICARD: I think this might be the appropriate item, Mr. Chairman, on which to speak of subsidies in general, and I should like to say a word or two about the Canadian raw leaf tobacco industry. According to the regulations of the Department of National Revenue—

> (a) "Canadian raw leaf tobacco" means tobacco grown in Canada, in its natural state, not further processed than cured and put up in hands, but does not include Common Canada Twist or scraps, waste, clippings, broken portions of leaf which cannot be tied in hands, stems, or deposits resulting from any process of handling tobacco.
>
> (b) "Raw leaf dealer" means every person who packages Canadian raw leaf tobacco by putting it up in hands and stamping same, or who only stamps such hands, for the purpose of sale for consumption.

This trade affects more particularly, not my own district, but the district of Joliette. The traders and dealers are scattered all over the province of Quebec and in certain sections of New Brunswick and Ontario.

The situation is this. The prices board or the stabilization corporation has allowed the growers to charge ten cents a pound more for their tobacco. I do not argue against that because I think every farmer should get as much as he can in order that he may make a decent living. But when it comes to passing on that price increase from the farmer to the consumer, the raw leaf tobacco dealers were prevented from doing that by the rule that no price ceiling can be broken. The dealers have appealed to the tobacco controller and have established from their books to his satisfaction, admitted in letters from the administrator, that their average profit

per pound in years past was not more than two and a half to three cents. Yet this year they will be forced to pay ten cents a pound more to the grower, which will mean that they are bound to stand a loss of seven and a half cents a pound if they carry on in business. As soon as this became evident, the association of tobacco dealers got in touch with the department and interviews were had, at which I was present, where the situation was recognized as being one of hardship for the dealers, but the general principle was invoked and it was stated that nothing could be done. At that time I inquired of the assistant to the chairman of the prices board if I could, with two or three members of the association, secure an interview with Mr. Donald Gordon, and here is the wire that was sent by Mr. Gordon.

Reference your wire regarding tobacco packers regret it is impossible for me to meet personally all groups who are clamouring for interviews. Our tobacco administrator is David Sim, deputy minister customs and excise. He is fully qualified to deal with problems of tobacco industry and will be glad to arrange for interview upon request.

We arranged for an interview with Mr. Sim. I thought that as a member of parliament I might have received a different answer, but I suppose it is quite in order that members of parliament should be answered in this way by the administrators.

Mr. REID: Being a member of parliament does not count.

Mr. PICARD: No, even though we are defending democracy. We got the interview and we established the prices at which the merchandise had been sold in the past. When I say "we", I mean all the people connected with the industry on whose behalf I was appearing as well as on behalf of many of my constituents. Another member of parliament, the hon. member for Joliette, appeared with me. We established to the satisfaction of the officers that our profit on the average was not more than two and a half to three cents a pound and that if we had to pay ten cents more a pound to the growers we would have to stand a loss of seven and a half cents or go out of business. This is the letter sent by the tobacco administrator under date of November 12. The letter is not marked personal or confidential, so that I feel I am at liberty to use it:

This refers to your letter of November 8 and the interview had on November 5 by yourself and delegation on behalf of the independent Canadian raw leaf tobacco dealers. Demand was made for an increase of ten cents per pound in the retail price.

The basis for this demand as set forth in your letter and as enlarged upon on the occasion of your interview has been carefully reviewed by the writer with the officers mentioned and we have concluded that the considerations involved—

The fact that we lose seven and a half cents a pound or go out of business entirely.

—are not such as to warrant a departure from the established policy of this administration, which in effect requires that basic period prices plus new or increased taxes must be maintained.

It is realized that, for the reasons you have outlined, it may be difficult for some of these dealers to continue operating, but this, for the time being, should be regarded as a war emergency measure which must be observed in the interests of the public at large.

As a matter of fact it is difficult for every one of the dealers to continue operating, because none of them can make a profit. It simply means, Mr. Chairman, that they must close down their business and deprive their customers who have been used to taking this merchandise of the opportunity of getting it, or else they must enter the black market. I was convinced, knowing the diplomacy and great intelligence of Mr. Sim, that he had signed this letter, as so many of us do, without being sure of what was in it. A man of his diplomacy would never have written that last sentence. The letter must have been drafted for him to sign. It simply means, as I said before, that the dealers must operate at a loss, close their doors or enter the black market. There was a market for hundreds of thousands of pounds of this raw leaf tobacco in the section of the country that I mentioned a moment ago. I got in touch further with the administrator, trying to convince him that a number of the dealers would have to close their doors or enter the black market. The department has some prosecutions pending now of people who have done just that. Dealers found clients willing to pay ten cents a pound more, which they could not pay legally, so that people have been doing it illegally. They have infringed the law, and a number of prosecutions are pending. Those dealers who want to stay within the law did not purchase their stock of tobacco this year because they would have had to pay more for it than their selling price, and many others are in the black market and are ready to plead guilty. Later on I spoke to the administrator over the telephone and we had a long discussion. He wrote me in a letter, which is also not marked private or confidential, as follows:

As I understand the problem, these people find themselves squeezed between the higher price being demanded by the farmer for his tobacco, and the price ceiling which does not permit them to increase their selling price to the public.

The proposition put to us was either subsidy or an increase in the consumer selling price. Subsidies have been paid in the case of certain necessary food products such as milk, butter, canned vegetables, also wood fuel, etc., but I

am not aware of subsidies being paid to Canadian producers of commodities which were not regarded as absolutely essential.

When I in effect told you this on the telephone you immediately suggested that in that event if they were to be regarded as luxuries a price increase should be permitted. This immediately raises the question as to whether or not the price ceiling is to be over all in character or selective.

He goes on to say that a further interview will be arranged. Some time in December I wrote the administrator again, stating:

I wish to impress further upon you the importance of the question we discussed over the telephone and I doubt very much that sending one officer of the prices section of the wartime prices and trade board and basing the conclusions of the board merely on that investigation would give justice to the seriousness of this situation. I think that, before putting these people out of business entirely, it would be only just and fair to allow them to put a formal brief before the board and allow them to be heard before responsible parties sitting on the board.

I thought that before you closed down or clamped down on people and forced them out of business, the least you could do would be to have them heard directly by the people responsible for the decision, the board itself. Finally, in February, I received a letter from the administrator:

I have not forgotten your representations in connection with the tobacco packers of Canadian raw leaf, who are squeezed—

Those are not only my words, but the words of the administrator.

—between the increased price paid to the primary producer and the price ceiling.

He admits the difference in price and the fact that they would have to close their doors. The letter continues:

This week I had some conversations with senior executive officers of the wartime prices and trade board . . . with a view to arranging some solution.

That was in February. We are now in May. No decision has yet been handed down, and all these prosecutions are awaiting the final decision. Many of these people are guilty; others have closed their doors, and there is a "black market", if we can consider as a black market a violation of ceiling price. I think it might be well for the wartime prices and trade board to ponder the advisability of closing a trade entirely just for the sake of maintaining a ceiling, or of recognizing the fact that by doing so they are depriving an element of the population of goods which they are entitled to buy as much as any other people. They do not like cigarettes; they do not like cigars. I do not myself smoke their tobacco, but we are living in a democracy, and they want that kind of tobacco, so why

[Mr. Picard.]

cannot we supply it to them when there is plenty of it and it is only a question of adjustment of price? I am not complaining about farmers increasing their prices. Having waited so long before getting proper remuneration, if they can get more now, good and well. The price should be raised in view of the fact that the public would be willing to pay it, and there is the demand. Therefore I think this is quite an opportune moment to ask the parliamentary assistant if he would not consider that question. If he knows about it, would he be ready to tell us to-night if a decision is about to be rendered? If so, I should like to impress upon him the advisability of giving that rise in the ceiling price; otherwise he is closing the doors of one of the important industries in the province of Quebec and he is depriving a number of people of goods to which they are entitled.

Mr. LACOMBE (Translation): Mr. Chairman, in many cases the wartime prices and trade board is far from giving a fair deal to the people in this country. For instance, unaccountable delays occur in the announcement of certain decisions taken in connection with articles that are essential to agriculture. Permits for the purchase of farm machinery, such as tractors, are only issued after weeks and months have elapsed. Once the farmer has obtained his permit, he has to wait even longer for the delivery of farm implements. The restrictions placed by the government on the manufacture of farm machinery should be lifted at once. They should never have been imposed. Agriculture is essential from the standpoint of food supplies for the army and the civilian population. All those restrictions interfere with production. At a time when more than 400,000 men and women have left farms to take up work in war plants or join the army, is it fair that agriculture should thus be deprived of indispensable implements? Let us be more sensible and practical. I know farmers who, on account of ill health and through the lack of help, will have to leave their farms untilled, because all kinds of restrictions have been placed on agricultural implements and their replacement parts. I urge the government to remedy once for all such a dire situation. Let them take action at once, with a view to amending the legislation whereby the wartime prices and trade board was established.

I shall make one more remark before concluding. The companies which manufacture farm implements should not take the place of farmers in the matter of filing applications with the Board. The government should pre-

vent delays in the delivery of farm machinery, such delays often being caused by the companies themselves. In fact, it often happens that the companies file the farmers' applications with the board only after several weeks. Some may ask what their purpose is. I do not know. But I am sure of one thing and it is that discrimination has something to do with that hide-and-seek game. Let the farmers be empowered to deal directly with the Wartime Prices and Trade Board, without having to go to the companies or their agents. If such an infringement of the law and regulations is to be perpetuated, the government had better abolish all those boards and that irresponsible bureaucracy. Finally, it was certainly not worth while to establish those bodies, which become a public nuisance as soon as they interfere with agricultural production in these troublous times.

As far as I am concerned, I can well afford to make these few remarks. Some may voice complaints about that baneful bureaucracy in the creation of which they have had a part. I, for one, have condemned it from the beginning and I voted against its establishment. I believe that was the best course to follow.

(Text):

Mr. ABBOTT: I should like to reply at once to my hon. friend, who will forgive me if I speak in English, but I can do a little better in that language than in his. He has complained about the conditions of the issue of permits for tractors and farm implements and has urged that the restrictions on the manufacture of this particular type of machinery should be completely removed.

In that connection I can give the committee a short summary of what the position is with respect to farm machinery. By agreement with the United States authorities and ourselves, the supply of farm machinery and equipment available in each country is on an equal basis and similar rationing plans are in effect in both countries. Because of a shortage of steel and other components, the supplies available during the 1942-43 production year, which ended the 30th June, 1943, were very much restricted; only thirty-five per cent of the corresponding 1940 period taking into account finished machines only, or fifty-six per cent including repairs. That position improved in the 1943-44 period, and it has been possible to increase production substantially, to something over eighty per cent of the 1940 period in terms of finished machines plus 156 per cent of the 1940-41 average of repair parts. The 1944-45 programme, which will end on June 30, 1945, calls for a still further increase, to approximately 100 per cent of the 1940-41 average of completed machines and attachments, with no limit on the production and importation of repair parts. Incidentally, a special production allocation has been programmed for veterans' rehabilitation. The supply situation has eased so far as some materials are concerned, but shortage of manpower has led to difficulty in obtaining adequate supplies of steel sheets, malleable castings, ball and roller bearings and motors. Despite increased production, rationing still continues to be necessary since supplies of many types of farm machinery and equipment are not adequate to meet the demand. Rationing does not apply to attachments and repair parts or to certain lines of farm machinery such as pulpers, hay forks, watering equipment, et cetera. Under the rationing programme each area is assigned quotas of the various types of farm machinery and equipment on the basis of sales in past periods.

Mr. KNOWLES: A few moments ago members were discussing alleged wrong payments by the Commodity Prices Stabilization Corporation in connection with potatoes. In that regard I should like to ask the parliamentary assistant some questions relating to another phase of the corporation's work. The subject is the manufacture of bedding, mattresses and general products that are turned out by upholsterers and bedding manufacturers. I understand that one of the functions of the Commodity Prices Stabilization Corporation is to provide subsidies to some of these manufacturers, where necessary, to enable them to purchase first-class material to make the necessary supplies along this line. I would ask the parliamentary assistant to give us any figures he can as to the number of companies which have been receiving these subsidies and to inform us whether any of these companies have returned either voluntarily or involuntarily any portion of the subsidies. In other words, has there been any recovery by the corporation of subsidies paid to bedding manufacturers on the ground that they were wrongly paid? Perhaps the parliamentary assistant would care to answer this question now? I have some others to ask.

Mr. ABBOTT: It might be easier to answer them one by one. First of all, we would not have information as to the number of firms to which subsidies for this particular purpose had been paid. We would have information as to the amount of subsidies paid on particular raw material going into bedding. The record would be on a financial basis and would relate to tariff items, and I should think probably it would be raw cotton or some textile fabric which would be the

type of raw material going into the articles to which my hon. friend has referred. I could give the gross amount paid in subsidy on that particular type of raw material, but that would include similar material for other purposes. I do not think we could segregate it into material going into bedding, for example.

Mr. KNOWLES: Can the parliamentary assistant tell me whether any firms have been called upon to pay back to the corporation funds received by way of subsidy to enable them to purchase material for bedding? If so, I should like to know what the reason was that the money was recovered?

Mr. ABBOTT: In the first place, claims are carefully scrutinized before the subsidy is paid; but claims for subsidies, and subsidies, are constantly under review. They are investigated, and a claim for refund made if it is found, for instance, that a subsidy is unnecessary and that the recipient can absorb the cost and does not need the subsidy. But I am not in a position to say, and the officials tell me that they cannot say now, whether, for instance, a bedding manufacturer who had received a subsidy on raw cotton or something of that sort used in bedding had to pay back a subsidy paid because he did not need it. The records would not give a break-down in that detail.

Mr. KNOWLES: If the parliamentary assistant has not the specific information with the figures before him, can he tell me whether in general any of this recovery of money paid in subsidies was owing to discoveries by inspectors that firms had not used the material specified in their contracts or in the claims or in the agreements between the company and the corporation? Is there anything here similar to the situation in connection with potatoes?

Mr. ABBOTT: It is pointed out that if we discover that the recipient of a subsidy has violated ceiling prices demand for refund is made. The subsidies are paid not to guarantee profits but to enable ceiling prices to be maintained, and if it is found, as has been found in some cases, that recipients have violated ceiling prices with respect to goods on which subsidies are paid and the material has been used, a demand is made for a return of subsidies and the cases are reported to the enforcement division of the board.

Mr. KNOWLES: Have demands been made for recovery on the ground that the bedding manufacturer has not used the specified proportion of new material? In other words, have there been discoveries that manufacturers have been using second-hand or used material in the making of mattresses, contrary to the specifications on which they were supposed to be working? Is there any prosecution of such a nature pending at the present time?

Mr. ABBOTT: I shall have to get that information. If my hon. friend will allow the question to stand I will get the information later.

Mr. KNOWLES: Later this evening?

Mr. ABBOTT: Yes.

Mr. KNOWLES: So long as the item does not pass before the parliamentary assistant deals further with the matter.

Mr. REID: No one has been more critical than I of certain aspects of the wartime prices and trade board, but I rise now to express my praise of the great number of citizens who are operating under the board and who have not been mentioned in this entire debate. I speak of the great work done by the hundreds of men and women who have taken in charge the distribution of the ration cards. Throughout the country, municipal councils have provided for this work, and I know that in the city from which I come—and other cities have a similar system—the people there and in the district surrounding are looked after in the matter of ration cards at a cost of only $60 a month. On this occasion I wish to give this word of praise to those men and women who have volunteered to do this work. They have gone to these offices day and night without hope of reward, merely from a sense of service to the country, and have given their services free in turning over these books to the general public. While criticism may be coming to members higher up in the board, this is one group of individuals working under the board, who, as I think every hon. member will gladly agree, deserve every praise that can be given them.

Mr. ROY: This credit of $140,000,000 to the Commodity Prices Stabilization Corporation, which is closely connected with the wartime prices and trade board, is to provide, if my understanding is correct, a subsidy to those who, where the ceiling is too low, suffer losses. It is to take care of losses to producers.

Before the opening of the lobster fishing season in 1942 a ceiling price was placed upon lobsters which was quite low. The fishermen and cooperatives were obliged to sell all their lobster production to the wholesale dealers in Halifax at the price ceiling. After the fishing season was over, the ceiling was removed, and those wholesale dealers who had bought the

lobsters from the fishermen at a very low price were allowed to sell them at the highest price they could get for them. Last year we had no ceiling price on lobsters. This spring before the season commenced the ceiling price was again placed on lobsters, which means that the fishermen will suffer a loss of practically $8 a case on their fish. There will be that much difference in the price they will get this year as compared with what they got last year. I should like to know from the parliamentary assistant what can be done to correct that injustice to the lobster fishermen. I believe that the ceiling price should be removed immediately so that the fishermen will not suffer and that the wholesalers will not benefit as they did in 1942. If that is not done the Commodity Prices Stabilization Corporation should pay a subsidy to the lobster fishermen to compensate them for their losses.

Mr. ABBOTT: Before I reply to the hon. member for Gaspe I should like to deal with the inquiry of the hon. member for Winnipeg North Centre, but before I do that I wish to join with the hon. member for New Westminster in the tribute he paid to those people who volunteered their services in the distribution of ration books. I concur—and I know the minister does—in the views which my hon. friend expressed as to the splendid work that has been done by those volunteer workers. It was a difficult task and they did it splendidly. I join with him in an endorsation of that work.

As to the inquiry of the hon. member for Winnipeg North Centre, I am advised that there is no record of any case in which a subsidy has been reclaimed because of the use of second-hand material. Subsidies have been reclaimed where ceilings were broken and where there has been a degradation of goods by using second-hand material and in some cases where goods had been manufactured for munitions and supply which, of course, are not subject to subsidy payments. In one case in which a subsidy was reclaimed on one of these grounds—I am not sure which—the investigation by the corporation also disclosed certain other irregularities which had nothing to do with the subsidy payments. I am advised that those irregularities were reported to the Royal Canadian Mounted Police for appropriate action, but they had nothing to do with the question of subsidy payments made to that particular firm.

Mr. KNOWLES: I take it that the parliamentary assistant was not familiar with the situation before he consulted his officials. In the statement he made he first of all stated categorically that no recoveries of subsidies were claimed on the grounds I mentioned. In his subsequent remarks he did admit that there was a degradation of quality.

Mr. ABBOTT: Not in the case of a particular firm. I was speaking generally when I said that subsidies were recovered in two or three instances, first, where there had been a breach of the ceiling price; second, where there had been a degradation of quality below the quality the goods were supposed to be for which the subsidy was given, due, among other things, to the use of second-hand goods; third, where a subsidy had been claimed with respect to merchandise supplied to a government department, war materials to munitions and supply.

Mr. KNOWLES: Just that much of an admission confirms my suspicion and prompts me to question the parliamentary assistant further. He realizes that this is a pretty serious situation, not only with respect to the money involved but with respect to the injurious results to the health of people that could come from the manufacture of bedding which is supposedly brand new and which turns out to be made from used mattress material. There is a double offence involved in anything of this kind. I feel that the matter should be looked into more thoroughly. I happen to be a member of the war expenditures committee and a member of the subcommittee over which the hon. member for Bellechasse is chairman. One of the things that we have authority to go into is boards such as this one. It does seem to me in the light of the allegations that have been made to-night and the questions that have been asked that this whole matter should be gone into more thoroughly. I am a layman as far as legal matters are concerned. But I find it difficult to understand how these errors and wrongs can be made which seem to be awfully close to being fraudulent, and when the mistake is discovered all that results is that the recipient is told that he must pay back the subsidy.

Mr. ABBOTT: I said a moment ago that some cases were referred to the enforcement section and that prosecutions have been taken. My hon. friend has not cited any case. If he will give me the name of any particular concern which he has in mind I shall have something to go on; I can get specific information, but when we are talking in general terms—he is talking in general terms and therefore I can only reply in general terms.

Mr. KNOWLES: I am forced to talk in general terms by the very nature of the case. I think the parliamentary assistant should realize this. He and his minister sit

there with officials in front of them and through those officials he has access to all the records. We have nothing. We are just the opposition with our bare hands, and yet it is our job to try and scrutinize every item of expenditure that is proposed in a bill such as the war appropriation bill, and try to find out if any of the public money has been wasted. I understand that a prosecution has been launched against one of the firms receiving subsidies from this corporation. I understand that that firm was manufacturing bedding. I understand that the prosecution was launched not by the corporation but by the Department of Munitions and Supply because that department found that this company was not making its bedding up to the specifications required by the department. The fact is that supposedly brand new bedding was being made out of stuff that may have been slept on for forty or fifty years. Although this may lead to a discussion that perhaps is not in order here to-night, I urge the desirability of legislation to prevent the manufacture of bedding on that basis. If the corporation is aware that a prosecution has been launched against that company because of that situation, then it seems to me that the matter has to be gone into a great deal more thoroughly, not just by inspectors of the corporation but by the Department of Finance which is responsible to parliament for these payments.

There is another aspect of the matter about which I should like to question the parliamentary assistant. I understand that the bedding administrator is an official, if not a very high one, of one of the bedding companies which receives subsidies from this corporation. What I had in mind in making that reference was this. On several occasions the Minister of Finance who I see is now in his seat, has said to the hon. member for Peterborough West, if not to others, that he did not feel it desirable to make public figures as to amounts of subsidies paid to individual corporations. He was not opposed to making public the total amount paid, but he did not wish to give the firms knowledge of the business of their competitors.

I may be wrong in this, but it does seem to me that if we have an official of one of these firms acting as the administrator, and having something to do with deciding the subsidies paid to the others, in such event we do have an unfair situation, on the basis stated by the Minister of Finance himself, namely, that of having one manufacturer knowing the conditions of his competitors, but without their knowing his. The parliamentary assistant will correct me if I am wrong in drawing such an assumption from this set-up.

I should like also to know whether there have been any recoveries of subsidies from the firm from which the bedding administrator came. It does not necessarily attach anything to him personally, but I am asking if from the firm of which he was head in peace time there have been recovered any subsidies because of its being found, after investigation, that they had been wrongly paid.

Mr. ABBOTT: With respect to the payment of subsidies, and the secrecy the minister has indicated he feels should be preserved with respect to amounts paid to individual recipients, I would point out to the hon. member that the subsidies are paid by the Commodity Prices Stabilization Corporation, and that the administrator of the industry to which he has referred is not a member of that organization, and presumably has no information as to the amount of subsidy paid to individual manufacturers.

Mr. KNOWLES: Is the parliamentary assistant sure of that? I notice he used the word "presumably".

Mr. ABBOTT: I am informed that that is correct, that the administrator would have no list of subsidies paid to individual recipients. If an individual were manufacturing a certain type of material he would know the subsidy payable with respect to that particular commodity; but he would not know how much that individual manufacturer received by way of subsidy. In other words, he would not know his volume of business.

Mr. KNOWLES: As bedding administrator, would he not be in a position to have fairly complete information about all firms producing bedding, under his direction?

Mr. HOMUTH: The hon. member for Winnipeg North Centre, if he has not done it in a definite way, has by innuendo said that the bedding administrator who comes from a bedding firm has had to pay back from his firm—

Mr. KNOWLES: No. The firm, not the administrator.

Mr. HOMUTH: —money that he collected on unfair subsidies.

Mr. KNOWLES: On a point of order—

Mr. HOMUTH: The hon. member has said that by innuendo. I am sick and tired of sitting here and having talk like that in the house.

Mr. KNOWLES: On a point of order—

Mr. HOMUTH: No; you are out of order coming into this house and trying to impute that everybody who does business in this country is dishonest.

Mr. KNOWLES: On a point of order—

Mr. HOMUTH: And that is the story we have here. The hon. member has made that statement, by innuendo, and I say that the parliamentary assistant should tell us now: was any subsidy paid back to the government from the firm from which the bedding administrator came?

Mr. ABBOTT: The answer is no.

Mr. HOMUTH: That ought to keep him quiet.

Mr. KNOWLES: The hon. member for Waterloo South, in the very last few words of his statement, referred correctly to what I said. And if he had used those words in the opening part of his remarks I would not have had to rise on a point of order. He made it clear at the finish—as he did not at the beginning—that I was referring to the company, and not the individual.

Mr. ABBOTT: I am advised that the bedding administrator refused to accept a subsidy, and consequently he could not pay it back.

Mr. HATFIELD: Coming back to the potato subsidy, we all know what was claimed to have been paid the producer. Since the investigation we know what was actually paid. Would the parliamentary assistant tell us what was actually paid the producers? The investigation showed the amount that was paid.

Mr. ABBOTT: The subsidy was paid to the dealer.

Mr. HATFIELD: But he had to pay a certain price to the producer. It is claimed that he paid $3.50 for the first part of August and $3 for the latter part. What did he actually pay?

Mr. ABBOTT: I am afraid I have not that information here.

Mr. HATFIELD: The investigation brought out what was actually paid. And your Mr. Van Buskirk should know.

Mr. ABBOTT: Mr. Van Buskirk says he has not the information here. I repeat what I said before, that whatever the amount is, claim has been made on the recipient for the return of the subsidy paid.

Mr. GRAYDON: Just before you leave that—

Mr. ABBOTT: I thought I had finished this potato question, but I see I was mistaken.

Mr. GRAYDON: Just to go back, may I say to the parliamentary assistant—

Mr. ABBOTT: Perhaps the war will be won in the meantime.

Mr. GRAYDON: What was that statement?

Mr. ABBOTT: It was just an aside; I said that perhaps the war would be won in the meantime.

Mr. GRAYDON: Well, as long as my hon. friend is joking, I shall not take him seriously. I realize he would not say that, if he were serious about it. I must say to him, however, that he has not answered the hon. member for Victoria-Carleton with respect to what was paid the producers. That is an important point, and we should not allow it to slip by. The question has been asked, and the hon. member is entitled to an answer. The Daniels report would, of course, contain that information. If that was the kind of investigation Daniels made, then I do not wonder that the parliamentary assistant does not want to table the report, or to have anything to do with it; because if he was not able to produce that information, then I think a shadow is thrown upon the whole report. It seems to me that would be one of the salient features with which an investigator would deal.

Some time before the debate ends I would ask the parliamentary assistant to give the information to the hon. member for Victoria-Carleton, because if it is not readily available now it should be available before the debate ends. This is a vital part of the whole situation, as I see it.

Mr. ABBOTT: I shall see what information I can get. I have not had an opportunity to answer the hon. member for Gaspe in connection with the ceiling on lobsters. I understand that a ceiling on canned lobster was announced recently, but that exports, which run to seventy-five or eighty per cent of the total production, are free from the ceiling. In other words, they can be sold for any price the producer can get. Of course the ceiling varies. Perhaps my hon. friend is familiar with what the ceiling prices are and I do not need to quote them. I think I have answered his question by saying that seventy-five per cent to eighty per cent of the pack is not subject to ceiling prices.

Mr. FRASER (Peterborough West): Is there any subsidy on canned blueberries and canned cranberries, and also salmon?

Mr. ABBOTT: I am advised that there is nothing on canned blueberries and canned cranberries.

Mr. FRASER (Peterborough West): Recently blueberries were released for sale without any coupons, and my belief is that they were released because the tins were ready to rust through. I have had complaints, not only from my own city of Peterborough, but from Toronto, Hamilton and other places that they would keep only a relatively short time, for perhaps a week or two weeks and then rust through. Would the minister check on that?

A year and a half ago we used to get a pound tin of salmon for forty-eight cents, but now we have to pay thirty cents for a half-pound tin. Is there any subsidy paid on salmon and is there any ceiling on the prices? I am speaking of the red sockeye, or what is supposed to be red because it is sometimes pink. Many of the men and women working in our industrial plants have to have salmon sandwiches for their lunches and the price is out of all proportion.

Mr. ABBOTT: I am informed that blueberries do not keep particularly well in cans and therefore it was decided to release stocks on hand without any ration requirements. There is no subsidy.

Mr. FRASER (Peterborough West): They were released about four or five months too late.

Mr. ABBOTT: That may be another case of what the hon. member for Yale referred to as decisions being taken a little too late. We are learning by experience and perhaps next time we shall not make a mistake, if a mistake has been made. There is no subsidy paid on canned salmon. As the hon. gentleman knows, for about two years there was no canned salmon available in this country; it was all going to fill the British contract. Two hundred thousand cases were released recently, and the price at which the salmon is sold is based on the price received under the United Kingdom contract. That is, it is being sold in Canada at the same price.

Mr. FRASER (Peterborough West): Is there any subsidy on brooms?

Mr. ABBOTT: I understand there is a subsidy on broom corn, the material used to make brooms.

Mr. FRASER (Peterborough West): I was wondering if something could not be done to release more brooms. At the present time it is almost impossible to get one in a grocery store.

An hon. MEMBER: How about a hardware store?

Mr. FRASER (Peterborough West): They do not have them, and those they have do not have the five or six binders.

Mr. ABBOTT: There is such a shortage of broom corn, which comes largely from the United States, that we are on quota. The quantity of brooms available is determined by the amount of broom corn we can get to make into brooms. They are all being released.

Mr. FRASER (Peterborough West): Is the government doing anything to get them into the country?

Mr. ABBOTT: It is doing everything possible to get them into the country. We were able to purchase some broom corn from the Argentine last year because we could not get our full quota from the United States.

Mr. FRASER (Peterborough West): A subsidy of $5,000,000 was paid on oils and fats. Was that paid on oils and fats for soap manufacturers or for domestic needs?

Mr. ABBOTT: Soap and shortening largely.

Mr. FRASER (Peterborough West): I understand that there was an agreement with the different cities and towns that got fuelwood for the use of their residents whereby they could apply to the government to have that wood purchased if they did not need it. Has any been bought by the government?

Mr. ABBOTT: I understand that the answer is no. The fuelwood subsidy is administered by munitions and supply, although the Commodity Prices Stabilization Corporation pays the actual subsidy.

Mr. HATFIELD: Is there any subsidy on corn syrup?

Mr. ABBOTT: Yes. I am advised that the subsidy on corn syrup and corn oil is covered by order 116.

Mr. HATFIELD: Any subsidy on glucose?

Mr. ABBOTT: No.

Mr. HATFIELD: Or on corn starch?

Mr. ABBOTT: Yes.

Mr. HATFIELD: What is the subsidy on corn starch?

Mr. ABBOTT: It comes under order 116 and it is the roll-back from September 15 to October 11 to June, 1941, prices.

Mr. ROSS (Souris): I think the statement the parliamentary assistant gave a few minutes ago regarding the output of farm implements is too optimistic. He is not to blame, but the fact is that these quotas are not working out as he has given them to us. There is a bottleneck somewhere. I think it is in connection with the permits. The regional controllers did not take any action on the allotments for this year until November 1 of last year. The implement distributors made their allocations on the basis of the figures they were given last November for spring operation this year. Many of the people who were entitled to and obtained permits have not been able to procure the tractors which they needed for spring seeding. Just last week I saw letters which had been received from the manufacturers stating that certain cultivators and other implements of that kind would not be manufactured until this fall.

There is a definite bottleneck somewhere and I wonder if some improvement could not be made in the method of issuing permits so that an applicant may not be misled into thinking that he will get something when in fact he cannot get it. People are complaining that when they counted on getting a tractor or some other labour saving implement for spring operations they now find that they cannot obtain it. I know many agents who had orders for drills and had obtained permits but who found that they could not obtain them until this summer, when the seeding season would be past. This has created a good deal of unnecessary confusion among the producers. I am wondering if it would not be better not to issue the permits until the machines were actually available, although the people will want to know as soon as they can if they are to be able to obtain them. If they cannot obtain them when the season comes round, it is most difficult for them. We have discussed this matter with the Minister of Munitions and Supply and he says that the steel is available. I understand that man-power is a big difficulty with respect to certain portions of the machines. I wonder if the controllers could not do something to improve the situation particularly toward supplying labour saving implements?

Mr. ABBOTT: I will bring my hon. friend's suggestions to the attention of the minister.

Mr. WOOD: Referring to the subsidy on bedding, I must say that I was shocked at the attitude of the hon. member for Winnipeg North Centre who suspected that fraudulent charges might be laid against certain manufacturers.

Mr. KNOWLES: Some have already been laid by the enforcement officers.

Mr. WOOD: We will take your word on that.

Mr. KNOWLES: That is the word of the parliamentary assistant.

Mr. WOOD: It comes with poor grace from the hon. member who happens to be one who has deserted the pulpit to come here and supply the material needs of humanity instead of the spiritual needs. I was taught that a man with a certain weakness generally suspects other people of having the same weakness.

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

Mr. WOOD: You talked for quite a while.

Mr. KNOWLES: Does he not regard this calling as an honourable one?

Mr. WOOD: Yes, but I did not have to desert a more honourable one to come here. I was also shocked to think that this government sees fit to subsidize bedding, especially in war time. I have spent more time sleeping on straw ticks and mattresses than I ever spent on Beauty Rest mattresses. I commend to the hon. member for Winnipeg North Centre the beautiful aroma of well threshed oat straw in a good tick. That would put him to sleep and then he would not have so many crackpot ideas to bring before the house; possibly in these times of war it would be a good thing for most of us, instead of subsidizing the manufacture of some of these things that are wasteful of labour and materials.

I am inclined to take the view in spite of all handicaps the wartime prices and trade board have done a fairly good job. Had they not come into the field and guided man's labours, we would not have accomplished as much as we have done to-day. It is a new organization and we did not have men trained in the work of distributing goods and services. They had to take in men of no great experience. But in the main the board has done a good job. I feel that we spend too much time in pointing out little irregularities here and there to this thing and that, when we could be utilizing our energies to much better advantage.

Some hon. MEMBERS: Agreed.

Mr. WOOD: Take the group represented by my hon. friend, and you will see that they have filled up more columns of *Hansard* this session than any other group in the house. I do not say that to be unkind, but I was just wondering why they feel it necessary to spend so much time in giving us the benefit of the work of their analytical minds. They seem to know how to go about it. I must say that I have not as suspicious a mind as the hon. member for Winnipeg North Centre has. I believe that the great majority of the people of the country want to play the game and want to play it fair. There is the odd man who is unpatriotic and who will bootleg a little gasoline or something like that, but society frowns down upon that sort of thing and the wrongdoer knows it. I am just trying to state things as I see them in my own quiet way, as I sit here wondering why we spend so much time in discussing some very small things, thereby delaying the business of the house.

Mr. MacNICOL: There is one side to this vote that, so far as I know, has not been mentioned by any one. The purpose of the vote has been to control prices and perhaps to increase production in certain lines in the interests of the prosecution of the war and the welfare of the people at large. There are about two hundred items in these war appropriation estimates, and this vote of $140,000,000 is about the sixth or seventh largest of the votes. Has any tabulation been made showing how much money has been saved to the country by a vote of this kind? That is what interests me more than anything else. The vote was originated for the very real purpose of controlling prices, preventing inflation, and perhaps increasing business in some lines. But nothing has been said as yet by the parliamentary assistant to show just what the country has been saving through the operation of the wartime prices and trade board. We might be able to find fault with scores of individual things that are done, but what interests me is the large results that have been obtained by the operations of the board. I would like the parliamentary assistant to rise in his place and say that this vote of $140,000,000, the vote of $120,000,000 last year and similar votes in other years have saved this country, let us say, one billion dollars through preventing inflation, and let him give a break-down showing just how the money has been saved.

Mr. ABBOTT: It is a little difficult to give any concrete estimate of what has been saved. As the hon. member for Davenport has pointed out, the purpose of consumer subsidies is to enable essential goods to be sold at ceiling prices instead of allowing prices to rise, because obviously if prices of some essential goods rise, prices of others will go up and you will have a more or less general price rise. It is considered that by the use of selective subsidies on essential consumer goods, which in effect means that the increased cost of these things is spread over the people as a whole by taxation, you avoid a general rise in the cost of living. It is estimated—these figures have been given either by the minister or by Mr. Donald Gordon—that a one point rise in the cost of living means an additional expenditure by the Canadian people of some $35,000,000 a year. Therefore the expenditure of $140,000,000, which is the estimate for this year—it was less than that last year—in consumer subsidies is the equivalent of approximately a four point general rise in the cost of living. Those competent to judge consider that without the payment of these subsidies the rise in the cost of living would have been greatly in excess of four points. We are always comparing this war with the last war, when we did not have a system of price control and did not use subsidies, as has been the case here. At the period of the last war which corresponds with the end of 1943 the cost of living had risen fifty-six points, as against a rise at the end of 1943 of 18·2 or 18·3.

Mr. MacNICOL: And each point, you said, amounts to about $35 millions?

Mr. ABBOTT: Each point rise in the cost of living, it is estimated, means an increased cost to the people of Canada of $35 million a year.

Mr. MacNICOL: On that basis there has been a very great saving?

Mr. ABBOTT: Yes. I am not suggesting that the subsidies account for that entire saving, but they are part of the over-all programme of price, wage and salary control, together with the fiscal programme of heavy taxation and periodical victory loans; they are all part of the picture, and it is felt that they play an essential part in maintaining a stable level of prices. It is pointed out to me that the government is spending nearly $5,000 million a year, and that if prices went up, let us say ten per cent, the government costs would go up perhaps $250 million, which would have to be raised by taxation, or borrowing, or both.

Mr. MacNICOL: I believe I can give the parliamentary assistant one commodity on which definite figures could be obtained. I remember clearly a period in the last war

when the price of anthracite coal advanced from about $14.50 to $21, a difference of $6.50. During this war the price has risen to some extent, but nowhere near the height it reached during the last war. I imagine that if the department is able to obtain the approximate number of tons of anthracite coal burned in Canada throughout the year, and multiplies it by the difference of $6.50 a ton, it would have some figure to show what has been saved. The Canadian people want to believe that, through the expenditure of $140 million on this vote to control prices, bonuses and so forth, the country saves infinitely more. The parliamentary assistant has given some figures in proof of that.

Mr. ABBOTT: I think that can be safely asserted.

Mr. MacNICOL: Perhaps before he finishes he may have other definite figures, which would dispose the public to accept this expenditure. Here are we, the opposition, letting through—not that we could stop it if we wanted, to, but without too much opposition, or indeed without any opposition, and not much inquiry—a vote of $140 million. The public look to us to bring out the reasons for so large a vote. If it can be shown, as the parliamentary assistant has done in part, that an expenditure of $140 million will save $1,500 million or $2,000 million, there would be no opposition to it in the country, and of course His Majesty's loyal opposition would not be blamed too much for having let the vote go through so easily.

Mr. MARSHALL: When the house rose on Tuesday night I asked the parliamentary assistant if he would give us a more detailed statement with respect to the operations of the Commodity Prices Stabilization Corporation. Since that time I have had an opportunity of reading through the report of the wartime prices and trade board, and I wish to compliment that body on being, I believe, the only one which has given us information of an authentic character right up to December 31, 1943. Most of the questions which I intended to ask the parliamentary assistant have been quite satisfactorily answered in this report. The parliamentary assistant has broken down to some extent the $140 million item. He told us that domestic and other subsidies would amount to about $115,500,000. I should like to have had the specific amounts paid for imports, particularly general imports. He gave us a break-down of the domestic subsidies. I thought the expression which he used, namely, "losses," was unfortunate, because it conveys a peculiar idea to the general public. In reality it is not a loss; it is a subsidy paid by that particular branch of the corporation on that particular item.

For a moment I turn to page 25 of the report, which deals with potatoes. It is stated, "To encourage the movement of potatoes from Saskatchewan and Manitoba to northern Ontario and the northwestern part of Quebec a subsidy was paid covering the extra transportation costs involved." I wonder why mention there is made of only two of the western provinces, namely Saskatchewan and Manitoba. Although there was a tremendous crop of potatoes in Alberta, there is no reference to the fact that any potatoes have been shipped east from Alberta or any subsidy paid. The amount of transportation subsidy was a little more than $15,000 on the old crop of potatoes and a little more on the 1943 crop.

I had a number of other questions, but I shall not delay the committee. The only other question I desire to ask has to do with a subsidy paid on horsehair. I received a letter from one of my constituents, and when I read it I must confess that I laughed because I thought it was rather a ridiculous request to ask me to explain something on the subject which appeared in one of the western newspapers. The report in the west was to the effect that the prices board were anxious to get a large quantity of horsehair, and that if the domestic supply did not come forward in sufficient volume to take care of the needs of the armed forces and the war plants it would be necessary to import horsehair from South America. Upon looking up the auditor general's report, in which the figures given are no later than March 31, 1943—perhaps the parliamentary assistant could bring them up to the end of March, 1944—I find that the amount of horsehair purchased for use in Canada cost $653,370. That astonished me. It was sold to the trade, I assume, for $677,315, or a profit on the deal of $23,945. The part of the article that I do not understand is this. The price of good quality horsehair ranges from thirty cents to fifty cents a pound, and any wool and hide dealer will buy it. There must be a reasonable answer for that statement as to why in the domestic market the producer should receive only from thirty to fifty cents a pound, whereas the material imported from South America was able to command a price of $2 a pound. These are the two items.

I might also ask the parliamentary assistant to give me some idea as to the deal which was made between the corporation and the banks with respect to the charges made by them connected with milk subsidies. I un-

derstand that a substantial sum of money was paid to the banking institutions for work in connection with subsidies covering milk, and I should like to have an explanation of that particular item. I would ask the parliamentary assistant also to bring up to date the statement which is to be found at the bottom of page 64, appendix 1, where it gives the actual expenditures from April 1, 1943, to December 31, 1943. Will he bring that up to the end of March, 1944, and give a breakdown of the two items, including local ration board? Will he separate the amount paid the local ration board from the amount paid ration coupon banking costs? These are my questions.

Mr. ABBOTT: First I wish to thank my hon. friend for his complimentary reference to the report of the wartime prices and trade board. I agree that it is a good report. It was made for the nine-month period in order that we might table it reasonably early in the session. Hon. members will recall that it was tabled early in February. Last year the report was for the full period up to March 31, but unfortunately we could not get it in until the latter part of May or early in June. We felt this year that it would be useful if it were tabled earlier. Now the figures are available for the first twelve-month period, and I shall be glad, as my hon. friend has suggested, to bring the figures up to date. I do not know if the statements here should be printed in *Hansard*. We do not want to make a fresh report. The figures with respect to subsidy payments cover the nine-month period up to December 31. We have now the figures for the subsequent three months, so that it will be possible for us to place on *Hansard* a statement showing the payments for the full twelve-month period, and similarly a statement can be given of the actual expenditures of the wartime prices and trade board for the full period, although, as my hon. friend will appreciate, that does not relate to the item we are now considering. It is the item of $15,600,000, passed on Tuesday. Perhaps it would serve the purpose of the committee if I were to table a statement of the actual expenditures of the prices board for the twelve-month period. It would be available to any member who wanted it.

Mr. MARSHALL: Can the parliamentary assistant give the reason—

Mr. ABBOTT: The hon. member asked about the subsidy on potatoes. I am informed that at the time of the great scarcity last May, the only place in Canada where there were surplus potatoes was in Saskatchewan. There may have been a car or two in Manitoba, but not many. What was done in effect was to pay a transportation subsidy on these potatoes, which were the only surplus potatoes available, to bring them to eastern Canada.

On the question of horsehair, I understand that is an essential material. Formerly the bristles used in brushes came to us from China, but that source has been cut off, and consequently we have had to rely on domestic horsehair and such hair as could be obtained from abroad. We are not now importing any. We are able to get it from domestic supplies, but it is bulk-purchased by the corporation and made available to brush manufacturers. Brushes are required for paint work in connection with various war industries.

Mr. MARSHALL: When was the importation of horsehair discontinued?

Mr. ABBOTT: I am not sure that we have that information. It is subject to import permit and is ineligible for subsidy. No subsidy has ever been paid on imported horsehair.

Mr. MARSHALL: I understand that the Commodity Prices Stabilization Corporation was set up as a company under the Companies Act. The corporation was empowered to carry on the duties and responsibilities through incorporation and organization of subsidiary companies, and one at least has been set up under the terms of that order in council, one known as the Wartime Food Corporation Limited. Is that the only one, or are there others?

Mr. ABBOTT: That is the only subsidiary of Commodity Prices Stabilization Corporation.

Mr. MARSHALL: Can the parliamentary assistant give a short resume of the operations of that corporation?

Mr. ABBOTT: Wartime Food Corporation is a subsidiary of Commodity Prices Stabilization Corporation and it operated in the live cattle market for a time during 1942. It was inactive during 1943 and began renewed operations on a reorganized basis, including representation on its board of directors for both primary producers and organized labour in January of this year, 1944. It was reorganized for the purpose of ensuring that supplies of fresh fruits and vegetables were available in Canada and equitably distributed —empowered to bulk purchase or otherwise deal in fresh fruits and vegetables, both domestic and imported if necessary.

One of the first responsibilities of the Wartime Food Corporation was to assume

control of distribution of potatoes in eastern Canada—I hope we do not start the potato argument again—in order to ensure supplies for deficiency areas and to meet the requirements of the armed forces and other preferred users. In addition to controlling distribution, Wartime Food Corporation bulk purchased potatoes both from British Columbia and later from Maine.

Under authorization from wartime prices and trade board Wartime Food Corporation has also paid a root vegetable freight subsidy covering potatoes, cabbages, carrots and parsnips. Wartime Foods now pays subsidies on potato freight eastern and on oranges imported from the United States of America, both formerly paid by Commodity Prices Stabilization Corporation; but that is purely for reasons of internal economy.

Mr. MARSHALL: Who is at the head of Wartime Foods Corporation, the same individuals?

Mr. ABBOTT: The directors are set out in the report which my hon. friend has in front of him. The president is R. T. Mohan; vice-president K. W. Taylor who is sitting in front of me; general manager, J. B. Lander; secretary-treasurer, H. N. H. James. The directors are: A. R. Johnstone, S. R. Noble, E. W. Smart, Raoul Godbout and Carl Sanders.

The break-down of the estimates for 1944-45 is as follows: There is provision for potential subsidy on potatoes of $750,000, a similar payment with respect to oranges of $2,000,000; cost of administration, $75,000, and miscellaneous, $175,000, making up the total estimate of $3,000,000.

Mr. ILSLEY: The Wartime Food Corporation has been mentioned. I wish to refer to the Wartime Food Corporation in the earlier phase of its activity, when it was not dealing with fruits and vegetables at all but was responsible for the market support of cattle prices. I wish to deal with one phase and one phase only. In a debate which took place under another item on May 23, 1944, Mr. Donald Gordon's name was mentionel several times by the hon. member for Lethbridge. The references to Mr. Donald Gordon were such as these. On page 3175 of *Hansard* at the bottom of column 1, Mr. Gordon's name is used and a press release which was issued on October 7, 1942, was quoted. In the first column on page 3176 reference is made to an undertaking contained in a press release by Donald Gordon to purchase any surpluses of beef to meet shifts in the price. In the first column of page 3177 reference is made to a promise in Donald Gordon's press release.

In a sense I am speaking on behalf of Mr. Gordon now. He is extremely jealous of his reputation for honour in carrying out his commitments, and I want to make clear that so long as the wartime prices and trade board was responsible for the operations referred to in the press release of October 7, 1942, those commitments were scrupulously carried out. During the period from June 28 to August 17, 1942, 49,727 head of cattle were purchased and 1,524 were exported to the United States. In this operation a loss of $832,281.69 was incurred. The board stood ready throughout to continue the support if surplus supply had threatened to depress cattle prices unduly. On May 21, 1943, however, an announcement was made and widely publicized in the form of a joint statement issued by the Department of Agriculture and the wartime prices and trade board, with the approval of the government, in which it was made clear that the support of the market from then on would not be the responsibility of the wartime prices and trade board. My colleague, the Minister of Agriculture, made it clear in the house that the responsibility as from that date, namely, the spring of 1943, was assumed by the meat board. That reference is found near the bottom of the second column of page 3177 of *Hansard*. It may be that a complete reading of the debate found in the columns to which I have referred makes it perfectly clear that there was no violation of commitments on the part of Mr. Gordon or the wartime prices and trade board or the Wartime Food Corporation. It may be that is perfectly clear already, but since there were several references to a promise made by Donald Gordon personally and a violation of that promise I thought I owed it to Mr. Gordon—and I know he would like me to make this clear to the committee—to say that there was no violation or breach of any commitment whatever on their part, and I have no reason to think there was any on the part of the meat board either, I may say.

Mr. McNEVIN: There is an item or two on which I should like to make some representations to the senior officials of the Department of Finance and the officials of the wartime prices and trade board respecting subsidies. But before doing so I wish to add a word of appreciation to those already spoken by the hon. member for New Westminster and the parliamentary assistant to the Minister of Finance respecting the work which has been so well done by those who have volunteered to distribute ration books. This group of un-

selfish and untiring citizens is deserving of the highest commendation by the government and the people of Canada.

Something has been said in this discussion this evening with regard to the value to the Canadian people of the work which has been done by the wartime prices and trade board. It would be a long story to cover all the items in which I think the people of Canada generally have been well served by this board, but I wish to point out two items. I refer to sugar and automobile tires. Those are items in which the supply is not sufficient to meet the demand, and if it were not for the control and the rationing of those commodities I am quite satisfied that the extra cost of those two items would run into many millions of dollars which would have to be paid by the general public. Therefore I think we should give credit where credit is due and highly commend the minister and those associated with him in this most essential and worth-while part of the war effort of the Canadian people.

If I had any criticism of the administration of these matters by the wartime prices and trade board it would be this. I am not sure that the officials throughout the Dominion of Canada who are in charge of these regional offices are always as considerate and as courteous to the public as they should be. I do not think it would be at all amiss if these officials were brought in at least once a year to some central point, so that the higher officials in the department could give them some instructions. They might be told that while we have to enforce restrictions, they should be enforced in a manner which would not be offensive to the general public.

I now come to one or two items concerning which I wish to make some representations. The first has to do with clover seed. I believe there are some lines of clover seed for which the grower is not receiving sufficient remuneration, so as to encourage production. To my mind this production is essential not only during the war, but in the post-war period. We have enjoyed for many years a substantial share of the import markets in Europe for clover seed. I believe that, particularly with respect to alsike seed, the present price is not sufficient to give that impetus which is so necessary to the maintenance of production on a large scale.

I believe members of the committee generally will agree with me when I say that very large quantities of seed will be required in Europe when the war is over. Therefore, if we are to be in a position to supply and to retain that substantial market, I think some consideration should be given to the possibility of paying a subsidy on at least some of these lines. The prices, as I recall them, are these: For alsike seed, twenty-nine cents a pound; for red clover, thirty-four cents a pound and for alfalfa seed, thirty-seven cents a pound. That is the price at which the dealer is permitted to sell to the retail trade in Canada. Perhaps those are reasonable prices for the consumer in Canada to pay.

Of course, so far as exports are concerned, the seed business of Canada is controlled by the export seed office, which is located in the town of Lindsay, in my riding. The official in charge of the export seed office, under the direction of the seed branch, is Mr. F. G. Perrin, general manager of the Hogg and Lytle Seed Company, a man who has had a wide trading experience in both domestic and export seed markets. I state that only to illustrate that the area I represent is a large clover seed producing district, particularly so far as alsike and red clover seeds are concerned.

I think the official returns will show this year that the alfalfa seed growers have received a fair price. I am not sure, however, that that is the case with respect to alsike. Of course the seed is turned over to the export office by the seed dealers at a price which is substantially lower than the retail domestic price to which I have referred. Then the grower is entitled, through participation certificates, to receive whatever additional sum may represent the profit on the export trade. I believe that is a sound set-up, because under other circumstances the dealers would profit to a greater extent.

We now come back to the price of alsike seed. A good deal of the seed was brought in at $10 a bushel. Some seed dealers at a later time paid an additional $2.50 a bushel. But even at that the returns to the grower are not sufficient to give that encouragement which is so necessary if we are to produce substantial quantities of seed. If we had enjoyed a heavy export for the 1943 crop of alsike the situation would have been more satisfactory from the point of view of the grower, because there would have been returned to him by the export seed office a substantial payment by way of participation certificates. That, however, was not the case. Our exports of alsike seed from the 1943 crop were practically negligible, so that there cannot be any substantial sum returned to the growers.

It is true that if the price at which the dealers must turn the seed over to the export office were increased, it would mean that the seed trade could go out and buy the seed from the growers at a higher price. The final result might not be very much different

from what it is under the present set-up, but the grower would receive a larger down payment, and to that extent would be that much better satisfied. It is a long time to look ahead to what may come from a participation certificate. That applies particularly to the class of producers who have not been accustomed to receiving returns from those certificates.

It is my considered opinion with respect to alsike that a subsidy of 7 or 7½ cents a pound would give that encouragement so essential to maintain production on a scale which will provide ample seed, so that we may retain our share of that important European market during the war, and in the post-war period. I would ask the responsible officials to give most serious consideration to the possibility of putting into effect a subsidy of about those proportions in respect of alsike seed.

Then, some little additional encouragement would not be out of line in respect of red clover seed. Where red clover seed is produced we always find a good crop of hay. At least I can say it is usual to find that where you have a good crop of seed you have at least a fair crop of hay. In that way the grower has the advantage of two crops in one year. That does not pertain to alsike seed. After the threshing the feed is of very little value, and alsike clover seed is produced entirely from the first crop.

Alfalfa seed is not produced in large quantities in my community. However, substantial quantities of that seed are produced from a second crop. So that in that instance, too, the grower in many instances has a crop of hay, and then he can produce his seed from his second crop. It is also true that large quantities of alfalfa seed are produced in western Canada, and in some portions of Ontario, from the first cutting.

There is one further item to which I should like to make a brief reference, namely, Ontario fall wheat. There is a ceiling price on Ontario fall wheat of approximately $1.26 a bushel at Montreal, which nets the Ontario grower anywhere from $1.10 to $1.12 a bushel. My understanding is, although I may be mistaken, that there is no ceiling on western wheat. At the present time the price of Ontario wheat is below that of western wheat. That may not pertain right back to the grower, but in ordinary times Ontario fall wheat is sold at from ten to twenty cents above No. 1 northern. The result has been and will continue to be that a large portion of the Ontario fall wheat crop will go into the feed bin. Over a long period of years we have built up and developed a profitable and substantial business in pastry flour which is produced from Ontario fall wheat.

Mr. ABBOTT: Will my hon. friend allow me to interrupt? I do not want to stop him, but this question of Ontario wheat really comes under a later item in these estimates. I do not know whether he would prefer to discuss it now or later on.

Mr. McNEVIN: I was going to suggest that if the price ceiling cannot be altered consideration be given to the payment of a subsidy.

Mr. CARDIFF: The first question I should like to ask the Minister of Finance is whether I should call his assistant the parliamentary assistant or secretary?

Mr. ABBOTT: I believe the official title is parliamentary assistant.

Mr. CARDIFF: I should like to revert to the broom corn industry and ask the parliamentary assistant if the government had anything to do with financing or promoting certain companies which bargained with quite a number of farmers in some sections of the country to grow broom corn? In many cases the broom corn was never harvested because the contracts were misleading and it was found that the remuneration to be received was not sufficient to pay the labour involved in the harvesting.

Mr. ABBOTT: I am advised that the government had nothing to do with organizing or promoting the companies to which my hon. friend has referred. Perhaps I had better restrict my statement to the wartime prices and trade board or the Commodity Prices Stabilization Corporation, whose estimates we are now discussing. They had nothing to do with the promotion of any such companies. I have no information about other departments of the government, but I am inclined to doubt that they had anything to do with it.

Mr. BLACKMORE: I appreciate the great care the Minister of Finance took in framing his statement in defence of Mr. Gordon. I was involved in the attack on the government which involved Mr. Gordon, but I think a careful perusal of the remarks I made will show that I did not directly attach blame to Mr. Gordon. I think I made it quite clear that I did not know who was to blame, that the object of my remarks was to find out where the blame should be placed. Since it has been made clear by the statement of the minister that Mr. Gordon had control until the spring of 1943—what month was it?

Mr. ILSLEY: May 21.

Mr. BLACKMORE: That statement certainly exonerates Mr. Gordon and will raise him to a high regard of esteem in my constituency because there were no complaints before that date. What I said was based on what happened in 1944, and I think the minister recognizes that.

Mr. ILSLEY: I am not saying that there may be any blame.

Mr. BLACKMORE: I am not saying that there should be any blame attached to Mr. Gordon, but certainly there is plenty attached to whoever took over from that time. However, we are not discussing this matter at the present time, so that I shall not go into it in any detail. I just wanted to make it clear that I did not wish to make an unjustified attack on Mr. Gordon. As a matter of fact, I was just trying to find out who was to blame so that I would know whom to shoot at. I am glad one of them is eliminated. All through the months of February and March the impression was abroad in my constituency that somehow or another the wartime prices and trade board was responsible, or at least partly responsible. It will be remembered from what I said that one of our great difficulties has been that we do not know upon whom to place the blame. It would now appear that the blame is entirely on the Minister of Agriculture. I am afraid I gave the minister the benefit of the doubt, but in my next speech I will not.

Mr. ILSLEY: I am very sorry if my remarks were taken as an attempt to shift the blame, because really I did not say any more than the Minister of Agriculture said himself. He is reported on page 3177 of *Hansard* as follows:

> Mr. Gardiner: My hon. friend has read the statement and I now say to him that that particular arrangement was changed.
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> Mr. Blackmore: When was it changed?
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> Mr. Gardiner: It was changed in the spring of 1943.
>
> Mr. Blackmore: From that time thereafter—
>
> Mr. Gardiner: From the time the meat board was set up it became responsible for purchasing meat.

Mr. BLACKMORE: That was a good thing for the Minister of Agriculture to say. The trouble was that whoever tried to probe into the matter to determine wherein the responsibility lay always found that the wartime prices and trade board turned up. That has been where the difficulty lay. I believe that my attack was justified, but I am happy to know that Mr. Gordon is out of it.

Mr. ABBOTT: A matter was raised earlier this evening by the hon. member for Bellechasse who is not in his seat at the moment. I did not have the information at the time he inquired about tobacco prices. I am advised that the matter has been under consideration for some little time and that a decision will probably be given within the course of the next few days.

Mr. SHAW: Last week I referred to the subsidy which was paid by the Commodity Prices Stabilization Corporation to the producers of pit props and mine ties in western Canada. It was pointed out to me at the time that this matter did not properly come under the estimates of the Minister of Mines and Resources. It will be recalled that in 1943 a serious shortage of these items developed, and it was decided by the wartime prices and trade board that the mine operators could not stand an increase in price. It was also understood that a drop in the production of pit props and mine ties resulted because the producers were unable to procure help or to pay the wages demanded. Therefore the Commodity Prices Stabilization Corporation was authorized to pay a subsidy of $3.50 per thousand lineal feet on pit props and something like one-half cent per foot for mine ties. This continued until February, 1944, and I am not complaining because it was paid.

What I complain about is this, that without notice the subsidy was terminated. Our producers had in their yards thousands of lineal feet of pit props and mine ties. They had paid wages on the understanding that the subsidy would be continued. When it was suddenly discontinued they found themselves in a most unfortunate predicament. It was true they were told that they might increase the price of their product by $3.50 a thousand, and in the case of mine ties by the amount of the subsidy. But for two reasons they discovered that there was no market for their pit props and mine ties, one reason being that we now have a surplus. The second reason I am not going to press because some of the ministers take exception to this. The operator said, "He can buy the government produced commodity more cheaply than we can buy yours." But I am not going to press that.

I should like to know why the subsidy was discontinued. Was it because the mine operators were not in a position to pay the additional price? Could it be that the subsidy was discontinued because of there now being a surplus? I should like to get to the bottom of this. I am much opposed to this idea of getting operators to cooperate through a subsidy and then penalizing them for their cooperation, and that is exactly what this

amounted to. They met your shortage; they had a surplus; you discontinued the subsidy; they were caught.

The situation is this. The labour shortage is undoubtedly going to get worse. Another winter might be very severe. Then it is reasonable to expect that another shortage of these very necessary commodities will develop. Can you expect the operators to cooperate as they did before? I think an important principle is involved. I would ask the parliamentary assistant to give me the reason for the discontinuation of the payment of that subsidy, at least on the materials which were in the yards and had been purchased with the idea that the subsidy would be paid.

Mr. ABBOTT: The reason is that the subsidy was superseded by price increases which were equal to the amounts to be allowed to producers of pit props and mine ties, effective from January 19, 1944.

Mr. SHAW: I referred to that. But the point is this, that a surplus had been created. Then, of course, we know that prisoners of war and conscientious objectors had also been engaged in the production of these commodities. When the operators increased their prices by $3.50 there was no market for them. The assumption was, and it is based on the statement of the operators: "We can buy them from the government more cheaply." But I am not going to press that. The Minister of Labour denied that although I could have produced enough evidence to convince him that I had a case, but my object was not to try to make a case. There is an important principle involved, and we may desire the cooperation of these people later on.

Mr. WARREN: Has consideration been given to avoiding in some way or another the difficulties that some producers get themselves into as a result of the fixing of a ceiling price which gradually rises to a higher point? We have a situation in our community with respect to potatoes. We produce potatoes quite extensively, but our potatoes are not graded. We can grow good potatoes, but there has never been set up in the community the machinery necessary for the grading of potatoes. That makes it difficult to market our potatoes outside the local neighbourhood or the local towns.

What happened this year was that numbers of farmers who have potatoes, some hundreds of bags, stored them, believing that they would get the spring ceiling price. They probably could have sold them last fall or found a market for them during the winter months, but they wanted to hold for the spring ceiling price. Then a shortage of potatoes developed, and potatoes were brought in from British Columbia and some from the United States to supply the market. The result is that numbers of farmers in my community have hundreds of bags of potatoes on their hands for which they cannot find a market. It looks to me as though something ought to be done to prevent the encouragement of that sort of thing. It is quite easy to say that the farmer has himself to blame, that he should have sold when he could have got a reasonable price. But most people like to get the top price. It is difficult to market potatoes in our climate in the winter months, and it is not easy to ship potatoes out of our community in carload lots for the reason that they are not graded. It is not easy to sell a carload of potatoes in the city of Ottawa, unless they are graded. The markets we used to have for potatoes was with the truckers who would run up from Ottawa, perhaps with a load, and take back a load of potatoes. But now these trucks cannot go beyond the thirty-five mile limit, and our neighbourhood trucks are not allowed to truck potatoes into the city of Ottawa, 100 miles away. The way it looks now, these potatoes are going to be a total loss. A repetition of that sort of situation should be guarded against. I would ask the parliamentary assistant if the officials could somehow get their heads together and find a market for the potatoes of these grievously disappointed farmers in my community.

Mr. ABBOTT: I have listened with interest to the hon. member for Renfrew North and I am getting quite a liberal education in potatoes. I will bring his remarks to the attention of the officials and ask them whether anything can be done.

Mr. HATFIELD: I called the board's attention to the question mentioned by the previous speaker in February and March before they started to import potatoes. The War Foods Corporation said: We will import potatoes from the United States. They failed to take my advice. They imported some two hundred and fifty carloads. I will say that the War Foods Corporation did a much better job than the Commodity Prices Stabilization Corporation, because they bought the potatoes from the war food distributing board in the United States, and they bought them away below our ceiling and saved the payment of any subsidy.

I see by this report that $1,300,000 was paid in subsidies on corn. Was that domestic or imported corn? Was the corn used for feeding purposes or for processing into corn starch, glucose and corn syrup?

Mr. ABBOTT: It was all imported corn, and I understand that it was largely used for corn starch and corn meal.

Mr. HAZEN: In spite of the efforts which have been made to control prices, I am informed that manufacturers of lumber are receiving more for their lumber than they did in the last war. I notice that a subsidy in the form of a ten per cent discount is paid the final consumer in certain cases. Final consumers who are eligible for the discount are "farmers, fishermen, growers of fruit and vegetables, trappers and other civilian users who purchase lumber from time to time for use in the pursuit of their personal trade or occupation, for maintenance and repair purposes, or for use in assisting the primary production of essential foods." We hear a great deal about the necessity for new dwellings; and the people who own and occupy houses have to make necessary repairs to them from time to time. In view of the increased cost of lumber these repairs add to their cost of living; and I ask the parliamentary assistant if any consideration has ever been given to the question of including owners of houses to provide that they obtain this discount.

Mr. ABBOTT: Repairs are eligible, not new construction.

Mr. HAZEN: Repairs to houses are eligible?

Mr. ABBOTT: So I am advised, yes.

Mr. HAZEN: As I read page 34 of the report of the wartime prices and trade board, it does not say that.

Mr. ABBOTT: That may have been an oversight.

Mr. HAZEN: In fact it says, "The subsidy is not paid on sales to industrial users and contractors and on lumber for the building or improvement of dwellings."

Mr. ABBOTT: That is right—on new building and improvements, but that does not cover repairs. Repairs and maintenance are included, not new building or improvements to existing buildings; and not, of course, for industrial uses.

Mr. TUSTIN: In regard to lumber, the parliamentary assistant told us there was a certain amount in this item for subsidy. Could he tell us how much the price ceiling on lumber has been lifted since the basic period of 1940?

Mr. ABBOTT: I may not have that information. Some price advances have been authorized, and they have varied in different regions of the country. I am afraid I have not the information here, nor have I any average figure here.

[Mr. Hatfield.]

Mr. TUSTIN: Possibly the parliamentary assistant could get that. I believe that the ceiling on lumber has been raised several times in some sections of the country, and I should like to know, if it is possible to get the information, by what percentage it has been raised since the basic period.

Mr. ABBOTT: I will try to get that information.

Mr. CARDIFF: Does that subsidy on lumber include all grades, or is there any specified grade?

Mr. ABBOTT: It is payable on all classes of lumber, but not on sashes, doors, millwork and so on; and only on soft wood lumber, not on hardwoods.

Mr. HATFIELD: Is there a subsidy on raw and refined sugar?

Mr. ABBOTT: No.

Item agreed to.

Wartime Salvage Limited, administration and losses, $500,000.

Mr. STIRLING: In the next few days there is going to be a determined attempt all across Canada to collect waste paper for war purposes. Can the parliamentary assistant assure us that the tons of paper which go out of this building will reach that beneficial end?

Mr. ABBOTT: I would hesitate to give that assurance.

Mr. STIRLING: What does happen to it?

Mr. ABBOTT: All these items, of course, were prepared some months ago, and I think were in *Hansard* in February. Wartime Salvage Limited is now in process of liquidation, and it is anticipated that it will cease all operations within the next month or so. Of the total amount of $500,000 provided by the estimates to cover the company's administrative expenses and losses for the fiscal year 1944-45 it is now anticipated that $30,000 at the very most will be required. The remainder of the amount required will revert to the war appropriation; and the activities which were formerly carried on by Wartime Salvage Limited under the wartime prices and trade board will, I understand, be carried on by the Department of National War Services, and the costs probably paid by the Commodity Prices Stabilization Corporation.

Mr. STIRLING: Can the parliamentary assistant tell us what does happen to the wastepaper from this building?

Mr. ILSLEY: The hon. member for Ottawa West tells me there is keen contest as between contractors or bidders for the paper which leaves this building, and it all goes into use in that way.

Mr. STIRLING: Into war uses?

Mr. ILSLEY: War and peace uses. I do not think you can trace through a particular lot of wastepaper into war use; but there is a great need for wastepaper now. What the hon. gentleman is interested in is whether this is being used. It is being tendered for and bought and used.

Mr. STIRLING: And the money goes into consolidated revenue?

Mr. ILSLEY: Yes.

Mr. CARDIFF: Who is Wartime Salvage Limited?

Mr. ABBOTT: The officers are set out in the report which was tabled two or three months ago: President, Mr. W. A. Bark; vice-president, Mr. R. Geddes; treasurer, Mr. C. F. Butler; Mr. C. W. Younger; and the director is Mr. Charles LaFerle.

Mr. HATFIELD: Do they handle reclaimed rubber?

Mr. ABBOTT: No.

Item stands.

Progress reported.

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

ADDRESS

OF

THE RIGHT HONOURABLE JOHN CURTIN, P.C.

Prime Minister of Australia

TO

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

IN THE

HOUSE OF COMMONS CHAMBER, OTTAWA

ON

THURSDAY, JUNE 1, 1944

(Mr. Curtin was welcomed by Right Hon. W. L. Mackenzie King, Prime Minister of Canada, and Mr. Gordon Graydon, Leader of the Opposition, and thanked by Hon. Thomas Vien, Speaker of the Senate, and Hon. James Allison Glen, Speaker of the House of Commons)

Right Hon. W. L. MACKENZIE KING (Prime Minister of Canada): Members of the Senate and of the House of Commons: We are greatly privileged to have as a guest of our two houses to-day the Right Honourable John Curtin, the Prime Minister of Australia. Mr. Curtin has kindly consented to address us this afternoon. Before he does so I should like, on behalf of the parliament and people of Canada, to say just a word or two to him, and, through him, to the parliament and people of Australia.

It is difficult to believe that more than three years have elapsed since members here assembled had the honour of being addressed by Mr. Curtin's distinguished predecessor, the Right Honourable R. G. Menzies. At that time the war was far into its second year. Nazi Germany had subjugated most of Europe. There was desperate fighting in Egypt, in Libya, in Greece and in Crete, and on the waters of the Mediterranean. In all these theatres of war, and over Europe from Britain, Australian soldiers, sailors and airmen had been heroically withstanding the onslaughts of the enemy, often at great sacrifice.

But not in Africa and Europe only were the armed forces of Australia on active service.

They were serving at that time in Australia itself, in Asia, at Singapore and in Malaya, some, we are proud to say, were training as brothers in arms with our own airmen here in Canada. On no less than five continents and on many seas, Australia had distributed her fighting forces to help preserve the world's liberties. All this was even before Russia had come into the war. I mention these things, that you, Mr. Curtin, may know that the recollection of the service rendered the world by Australia in those early and perilous years is as vivid in our minds to-day as it was at the time. These memories will never be effaced.

Appalling as the prospect appeared to your countrymen, as, indeed, it did to all the other peoples of the British commonwealth in those first two years of war, that prospect, to you and to the people of Australia, must have seemed almost unreal by comparison with the situation which confronted Australia within two months of the time you became leader of the government.

For years the Japanese had been waiting for the day they might proclaim themselves masters of the Pacific. While you were denuding your own continent of its bravest men, and even of its own defences to help save freedom in Europe, Japan was extending her conquest of China. She was stealthily encroaching on other territories which brought her, in full strength, ever closer to your own shores. After Pearl Harbor, after the fall of Singapore, before aid could come to you from any quarter of the globe, you and the people of Australia must have experienced terrible anxiety. What Britain had to endure, when she stood alone facing the might of Germany, Australia for many months must have felt in facing the might of Japan. As Britain kept open the gates of freedom in the north Atlantic, so Australia and New Zealand kept open the gates of freedom in the south Pacific.

The free world will probably never realize what it owes to Australia, what it owes, Mr. Curtin, to your own sagacious and resolute leadership. We are anxious, however, at this moment to express what acknowledgment we can of so great a debt. With this acknowledgment we wish to give you the assurance that just as your forces and ours have been exerting their strength wherever the call was most imperative in this global war; just as to-day we await with confidence the outcome of the colossal conflict which will crush forever the menace of nazi tyranny; so on the morrow our forces will be found closer than ever at the side of yours, sharing with our allies in the total destruction of the tyranny of Japan.

[Mr. Mackenzie King.]

Before calling upon the Prime Minister of Australia to address us, I shall ask Mr. Graydon, as leader of the opposition, to join with me in extending to Mr. Curtin a unanimous welcome, and our best of wishes for the safe return of Mrs. Curtin and himself, and the members of their party, to their homeland. We ask them to take with them to the people of Australia the profound admiration and heartfelt good wishes of all the people of Canada.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I desire to associate His Majesty's Loyal Opposition and, if I may be permitted, other opposition groups in the house as well, with the eloquent and gracious words of welcome which the Prime Minister has extended to-day to our honoured and distinguished visitor. We warmly welcome the Right Honourable John Curtin as a statesman with a long, honourable and successful parliamentary career, and as a prominent member of Australia's "fourth estate". His keen concern for the welfare of the common people and his deep attachment to the cause of labour, which has made such a notable effort in this wartime period, gives to his visit a special significance to this parliament and the Canadian people.

May I express at this point, too, with what great pleasure the Canadian people extend their hospitality to Mrs. Curtin, who has through the years been such a tower of strength to her husband.

Australia's Prime Minister is just returning from an important meeting of the commonwealth Prime Ministers. This conference has given new encouragement and added determination to the British commonwealth and empire statesmen, and to the people they represent, to see this war through to a speedy and successful conclusion. Our fervent hope is that this conference marks only the beginning of even greater things ahead for a strengthened and more closely collaborating commonwealth and empire in the closing days of war and in that better world of permanent peace and plenty which must follow.

We greatly admire and honour the record of achievement in two wars of the powerful and heroic Australian forces on the sea, on the land and in the air. Their gigantic contribution to the fight for freedom, which came at one critical stage to Australia's very shores, constitutes an illustrious page in the history of this war, as in the last.

On the civilian front Australia has a magnificent record to her credit as well, and we ask Australia's Prime Minister to-day to carry back to his nation's armed forces and to his people in general the admiration and praise

of Canadians for all that Australia has meant to this dominion, the British commonwealth and the united nations in these stern days of test and trial.

So I say to you, Mr. Curtin, that it gives me great pleasure and no small satisfaction to make the words of the Prime Minister, who so eloquently welcomed you to-day, unanimous in the Dominion of Canada.

Right Hon. JOHN CURTIN (Prime Minister of Australia): Mr. Prime Minister, Leader of the Opposition, Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, members of the Parliament of Canada:

I do not propose in any way to fill out in detail the broad picture of what has been done by the people of Australia in the war. Indeed, sir, if I were to speak at very great length, with far greater power and energy than are mine, I could not pay a tribute to the Australian people more handsomely than have the Prime Minister and the Leader of the Opposition in the addresses which they have delivered here to-day. It will be my great pleasure, as indeed it is my duty, to attempt in some way to convey to the parliament and people of the Commonwealth of Australia an indication of the spirit that has marked the speeches which have been delivered, and to express to them how highly they are regarded in this great sister dominion of Canada. I know it will give them great pleasure, but it will not lessen in any way their energies. They will not feel, "Well, now that other countries know what we have done, there is not much more for us to do." On the contrary they will derive inspiration and encouragement, from the assurance we all must experience to-day, to see to it that what has now been done so magnificently by the people of the united nations will be carried through to completion, so that those forces of evil which commenced this struggle against liberty and freedom in the world will be so decisively defeated that in the future it will be impossible either for them or for those like unto them to regenerate conditions or to nourish ambitions which would lead to a fateful calamity such as that which has now overtaken the world as a whole.

You, here, come to this place, the law-making authority of a free people, as the result of the decisions of your citizens. They have their rights and they express them. They register their decision as to who, among those who offer themselves, shall become their representatives, along with other representatives of the people of Canada, in this great hall of legislation and as their trustees decide for them the kind of laws that they will be expected to observe. Nowhere in the world outside the Dominion of Canada can anything be said or done which can in any way lessen the complete authority of this parliament, as the law-making authority of the people of Canada, to decide for the people of Canada what it is that the people of Canada shall be expected to do.

This principle of the sovereignty of a free people is integral to the cause for which all of us went to war. For it will be remembered that among the very first things the nazis did was to burn the Reichstag, to destroy the representative assembly, to prohibit the association together of the citizens of Germany for those purposes for which association generally is considered desirable. Before they could attempt to destroy the freedom of the world they had to restrict it at home. And the writing was on the wall for the world at large when despotism in so great a country, with so large a population, began to plant its heel, internally, on the civic rights of the people, on the dignity of the individual man or woman of Germany. From that day onward totalitarianism not only marked the internal policy which Germany was pursuing, but was being constantly extended across the frontiers, infecting the states adjoining Germany. And where that could not be done easily, then the armed forces of Germany were projected beyond the territorial boundaries of Germany itself.

The decisions that had been reached at the peace conference were decisions no longer respected, and, as a consequence, force became the instrument with which Germany at home and abroad proceeded to translate its expectations into what it hoped would be fruition.

I need not do more than summarize what occurred. The rest of the world hoped that war had for ever been abandoned as a means of determining international disputes. It was believed that reason could be used in discussion—could be used, indeed, to decide differences of opinion between states as to their rights and their duties. Within the lives almost of the present generation the civilized world had had a bitter experience of the cost of war and of all that war means, apart from its material cost. Therefore they believed that by associating together it would be practicable to devise machinery to prevent a repetition of occurrences which in previous ages and, indeed, in quite recent times, had permitted the peace of the world to be disturbed, threatened and destroyed. They believed there could be this alternative whereby, without resort to force, the rights and claims of

those who had rights and claims could be fairly and impartially considered and justly decided upon.

As I have said, force rules the world and has ruled it. That being so, notwithstanding the great exertions of those who had hoped for a different state of affairs, the fact became clear when Germany marched into Poland. That march came almost as soon as arrangements could be made, notwithstanding the fact that almost within a recent day or days, so quickly does time move now, an agreement had been made at Munich. The most recent agreement was merely the instrument whereby Germany had provided an anæsthetic for the rest of the world, lulling it into a sense of false security and using the time factor in order to have greater striking power when it felt the moment had come to make the initial onslaught.

No post mortem is necessary to adjudicate upon war guilt. The facts are themselves there for all to see. It is true that not only Australia but Canada and the whole British commonwealth were at war when Germany marched into Poland, because Great Britain had given a solemn undertaking to protect Poland against the intruder and aggressor. The pledged word of governments is the moral conscience of the world. There cannot be agreements between nations, there cannot be covenants between states; there cannot be any hope for the future of the world, unless high contracting parties keep their undertakings. It is not an easy matter to arrive at such agreements, covenants and treaties. A wide diversity of interests has to be commingled in some general unity before that can be reached. When it is reached, it means so much to the world, because after all is said and done, the social state of dignity and of decency, and the relationships of the common man within his own order or beyond it, rest finally upon the sanctity of contracts. Thus had Great Britain given this undertaking—given it in order to ensure that there should not be resort to force.

The very fact that Poland was wantonly invaded was not only a violation of the word that Germany had given through its government; it also violated the purposes and the whole spirit which had marked Great Britain's acceptance of the treaty of Munich. Peace was destroyed by that act. Who is there anywhere in the world now who sees the aggressor on the move, who is able to put a terminus to his movement? Is there immunity for you, but not for me? Ah, no; it is not within the wit of man to circumscribe brutality and to limit violence so long as brutality and violence are permitted without restraint to extend their boundaries.

Therefore the invasion of Poland, while involving immediately the people and the territories of that country, was in fact an indication to the whole world that there was no place which the nazis could reach and desired to reach that they would not seek to reach unless their strength could be taken from them. And war came, as we all know.

But the list of belligerents had not been made clear. Opportunism is one of the arts of war—to take advantage of the chance that comes to you, to be ready to seize whatever be the effects of general military dispositions and the ebb and flow of battle. As it turned out, Germany, having prepared for so long against the powers that had made little or no preparation, not only had the initial advantage, but because of the sheer momentum of the offensive that had been exerted was able to move to the east, then to the west and then to the south. In a little while, as it were, practically the whole of Europe, territorially and from the point of view of the economic structure of Europe that was most vital, was under either direct or indirect German domination.

You saw amid the wreck and misery of nations the flag of Hitler superseding the flags of countries that for many years had been proudly practising not only the principles of liberty, but, in so far as their capacity would admit, the arts of progress. Norway, France, Greece—why add to the list? This gave to Germany so tremendous a command of resources that the battle flowed even into the Atlantic. It would be absurd for me to occupy time in describing the strategy of it, but you can see at once that having taken control of practically the whole of Europe, all that was necessary then to secure control and complete the conquest for Germany was to isolate Great Britain. So the battle flowed with the U-boats and air power to cut off from Great Britain the supplies which would enable her to withstand onslaught. By day and by night the air power of Germany rained blows devastatingly upon the capital city of the motherland of the British commonwealth. By day and by night from the depths of the ocean seeped up the ravagers that sought the destruction of ships so that food and equipment which Britain needed would not arrive, and that which was a partial deficiency because of lack of preparation would become a complete deficiency because of inability to provide reinforcements and fresh supplies.

You have paid a tribute, sir, to Australia. May we not here, reviewing the world aspect

of this terrible struggle, jointly pay a tribute to the people and to the government of Great Britain, which, standing alone against the fury and strength of Germany, withstood the shock? Not only did they withstand it, but more; they proved that there was in the people of Great Britain the resource and virility and determination and devotion and gallantry which, at that stage at any rate would not permit the forces which swept through France, which reduced Norway, which completely decimated the Low Countries; the forces which drove, as it were, Greece from its seat of ancient authority and apparently had so largely succeeded that the second belligerent said, "I am in with you,"—it would not permit these forces to go any farther. And Italy having come in, Great Britain still stood.

It is true that Britain had friends. There was the whole British commonwealth. You have spoken, sir, of what the Australian fighting man did. But here in this place may I now pay a tribute to what the Canadian fighting man did, to what the Canadian airman did, to your having, although unprepared, developed great naval strength; to the experiences you have had in the war, and to your determination to do all that you humanly can to see it through.

Britain was the bastion, but to that bastion as opportunity allowed there came the airmen and the military strength—yes, and the naval forces of the whole British commonwealth; for if the heart should be mortally attacked, how could the nether limbs survive? Australia sent her men—Australian men went over long distances; the truth is that they went because they knew that in fighting for the freedom of the world and for the defence of Britain they were in fact fighting for the defence of their own country. Not that they would not have gone had they believed that Australia was not menaced; for being kith and kin, of a common ancestry and all that goes to make up that vast heritage of freedom which has come down to us through the ages from our forebears who struggled for it where they lived in past ages—all that would have counted with us as it would have counted with you. But Britain stood firm; the forces of Hitler were dispersed as the waves of the sea are broken upon a rock. Hitler, however, felt there were still things he could do to complete his purpose of world domination, which was the central core of the totalitarian concept that Germany entertained. He turned east for a breathing space, so that, not knowing what might happen when he got too far involved in the west, there would not come upon him from behind the strength of Russia. For although there may be ideological differences between political systems, just as there are economic distinctions between dominions of the British commonwealth—those in the north, those in the south, those in the east, and so on—yet despite these political and economic distinctions there are fundamental principles which are common to all and which most certainly have to be defended if the realization of the freedom of the state in the future, and of its hopes for the future, is ever to be made possible.

Hitler feared Russia. Fear was an unwise monitor; none the less he drove to the east and brought Russia into the war. We can here pay tribute to Russia for all that she has done; but we can do more. We can express admiration for the colossal way in which that mighty country has rallied herself and energized herself and organized herself and fought in order that the legions of Hitler could not push so far into her territory as to destroy her.

Why go on as a kind of incompetent historian? Yet one is tempted to do so. In time Germany and Italy, because they had brought themselves to face the walls of Britain and the walls of Russia, decided it was desirable that something more should be done. Like a bolt from the blue, the third partner in the axis struck—struck like an assassin in the night. The President of the United States was having discussions with a special envoy of the Japanese government. He sent a direct appeal to the Emperor of Japan, and the Emperor replied with bombing raids on Pearl Harbor and with attacks on Singapore; replied with the instruments of his armed power to hit simultaneously at two bastions of freedom in the Pacific, believing that if he could neutralize those bastions there would then devolve upon the United States, as upon Great Britain, so very long a period for the rehabilitation of those bases and those resources that, in the meantime, he could consolidate his co-prosperity sphere and, without very much opposition, possibly be able to go as far as his ambitions led him. If you will look at it shortly you will perceive how nearly successful that campaign was. Malaya, then down through the Netherlands East Indies, then across into New Guinea, into the Solomons, Pearl Harbor and Hawaii, and the whole Pacific open to Japan's naval power with the bases they had established—improperly according to any standards of decency between nations, because in spite of their mandate they fortified these bases contrary to treaty stipulations. Thus they had given to them a capacity with which to cut the supply line between the United States and Australia, just as Hitler believed that he could cut the supply line between this con-

tinent and Great Britain, and isolate in the south the one land available as a base from which to mount great strength in order ultimately to defeat the Japanese.

It was a very close call that Great Britain had. It was a very close call that Australia had. Just a little more here, a little less there, and the result might have been different. The margin was not sufficiently large for comfort for either the government of Great Britain or the government of Australia. But the margin was on the right side. The strength came. The massing of resources in Great Britain has gone on steadily. The battle of the Atlantic has now turned from the U-boat hunting to the U-boat being hunted. And so in the Pacific, where Japanese air and naval power was continuously expanding, Japanese air and naval power is now on the defensive. The orientation of the war is different now from what it was. There are varying periods in the lives of men, and all of us have episodes; and so it is in war. War is not a static thing. If at the commencement of this colossal struggle the united nations were on the defensive and the initiative and the power to exert the offensive rested with the axis, imposing upon the united nations a holding strategy, that holding strategy has been completed. Behind it the requisite strength has been marshalled, and the time came, not simultaneously everywhere, when it could be employed in limited offensives to weaken the offensive of the enemy.

So the skill and genius of commanders in all theatres was directed to that purpose, to the point where the enemy was driven out of North Africa—but not without cost, not without a great deal of time being taken in the campaign, and not without a stupendous burden upon the productive resources of this and every other continent that is on the side of the allied nations in the effort to provide the material with which the fighting men in North Africa could at last carry through the task of making some return for all that had happened previously in North Africa, in Crete, in Greece and thereabouts.

Then you saw the entry into Italy; and now you see the battle in Italy raging, and you know that the battle which has been started is one which we confidently believe will represent the terminal point of German-Italian collaboration in any part of Italy. However, let me do no more than generalize; for hours, days or weeks are not for me to measure. The cardinal fact is that where the enemy held all the strategical locations from which to exert attacks upon the forces of the allied nations, to-day he is going backwards, towards Berlin in Europe, towards Tokyo in the Pacific. This could not have been done without imposing upon the civil populations of all the united nations the burdens of war. You cannot escape the inevitable price which will have to be paid for what has to be done. Soldiers have to be fed; supplies for them have to be transported vast distances; they have to have equipment for war vastly different from the equipment man uses in peace time. Therefore, in factories which were producing goods useful to us as citizens to nourish our bodies, to warm ourselves, to house us, only a portion of the materials and the skill and the labour which had been devoted to that end can now be devoted to it, and this would be inadequate to provide more than the minimum scale which would ensure to the civil population the measure of health and strength necessary to the production of instruments of war. Here that is broadly true; in Australia it is broadly true. The people have agreed that the greater claim upon industry shall be to produce the essentitals for the waging of war, that to a minimum the civil population shall have satisfaction of its needs; that there must be a drastic curtailment of its wants.

Taxation has been mounting. I am sure that the Chancellor of the Exchequer and the treasurers of Canada and Australia are quite delighted in discovering how infinite are the resources of their various populations. This burden has had to fall upon the people at home. They have had to work long hours. They have had all kinds of exhausting tasks to carry out. It has been done cheerfully. Yet no burden that is borne by those who work in the factories, the fields, or the industries of the country is comparable to that which has been imposed upon the fighting men, wherever they are—in the deserts of North Africa or in the frightful places of the east; in disease-infected jungles, with no roads, with fearful humidity, with conditions under which white men have not been accustomed to live in any great numbers, let alone to fight.

So that as the obligation which comes first to all the governments is that of satisfying and maintaining the strength requisite to keep the fighting men fit wherever they may be—and the civil populations must provide that substance, because there is no other physical way in which it can be done—when the war is over, the obligations to the fighting men will not have ceased. The burdens which governments will carry will be dual burdens—to rebuild the resources of the country so that the arts of peace may flourish, and at the same time to satisfy that solemn debt of honour which all governments owe to the

fighting men, and to their dependents, for having stood between the enemy and those at home and enabled those at home to sleep comfortably at nights and to be assured that their institutions and their way of life would not be molested by an invader.

As I look at this stage of the war I cannot do other than express heart-felt gratitude to the fighting men of the united nations as a whole and to their commanders, who have done the most to keep the world from becoming the slaves of despots and of tyrants. Then I would pay tribute to that quality for concert which nations of different political systems have developed, and which I hope and pray—and will strive to see accomplished—will be maintained when the war has ended.

You have said, sir, that I have been in parliament for some years. We know our parliamentary system. Leaders of the opposition, prime ministers, ministers of state, leading representatives of the opposition, are all engaged in what may appear to an outsider as vain disputation and constant controversy. The government can never do anything right, say the opposition; and, the opposition has no resource or capacity to be entrusted with the government, say the ministers. Well, that goes on time and time again. But in all the great matters of national duty, the maintenance of the social order and the promotion of the true welfare of the people, the best counsellor the prime minister has is invariably the leader of His Majesty's opposition. That has been my experience with these political parties. They bring out the truth as to what is the right way to solve a problem. We do not in our parliamentary system ignore discussion. We do not trample down minorities. We are not overawed by numbers. As a matter of fact the opposition is always able to speak eloquently and effectively—it does not know quite so much about the problem as the government! That has always been so. Yet you see in times of crisis the unity of the people in Australia, in Canada, in Great Britain, with all our diversities of political parties and practices and the like; none the less out of that discussion and that distinctiveness and that variation in the point of view a unity emerges.

It is the more permanent and effective because that is the way it comes, rather than as a result of the ukase of a dictator and the fears of those who must yield to his demands. It is a unity born of the supremacy of persuasion. It is a unity that emerges to give triumph to conviction rather than to cowardice or weakness. It is the strength born of the triumph of reason.

This being true of each of our dominions in respect of the national unity of our own people, then you have the representatives of those dominions going to a conference. They are composed in their own countries of leaders of parties, but they are also the heads of governments. They meet in London. No longer do they meet as leaders of parties; they meet as heads of governments, responsible in all they do for the presentation of what is the considered view and consensus of their dominions as dominions. They feel certain that the view they put has to stand not only the test of immediate criticism but the test of time; for by their agreements they may commit their country to a point of view—not to any surrender of the sovereignty of the parliament and the government, but to the promotion of a generic idea which will lead to concerted action and cooperative endeavour.

Need I do more than just illustrate to you how significant to students of history is the fact that you could get at one table Mr. Roosevelt, the President of the United States and leader of the Democratic party in that country; Mr. Churchill, the leader of the Conservative party in the United Kingdom, and the leader of the United Kingdom, and Mr. Stalin, the Premier of the socialist republics of Russia. There they met. They did not meet to discuss whether conservatism is good or bad, or whether this particular type of political idea is better than another. They met to concert measures to serve the world. The British commonwealth prime ministers met, certainly with lesser problems and with lesser status, but none the less as a microcosm, as it were, a smaller association to promote accord, to help each other to devise formulas and to make arrangements, so that in a world where none of us is strong enough to stand alone we shall discover how and by what means we can best stand with and for each other.

This brings me then to my final thought; for there you have the problem of statesmanship in the years to come for all governments that are anxious, as all should be, and I believe are, to have regard for the welfare of mankind. What is the worst evil that can come to us? It is to be taken away from the promotion of the social and economic progress of our country in order that so many thousands, indeed millions, of useful persons in the fields, workshops, mines and the like shall no longer be available to produce the things that will minister to man's comfort, but be set apart in a vast army to engage solely in resistance to another vast army, imposing upon all those who have

been left behind the double burden of feeding them and feeding with inadequate resources the whole population of the globe.

We see man's history interrupted repeatedly by wars, by bitter strife, by this ghastly loss to civilization. Upon the great nations, then, surely there falls the responsibility of making it clear that that association which war has meant for us—for Russia, for the United States, for the British commonwealth, these three great powers, together with China, that great land mass and teeming population in the far east—these four who have subscribed themselves to the Charter—means that their great resources involve also high responsibilities. What is their major responsibility? Just as they could agree and find ways and means to pool their strength to resist a brutal foe who threatened their homes, their liberties and the sovereignty of their peoples in their own affairs, so surely this strength, so prodigious in the present service of freedom, is a strength which can be maintained and made use of in order to prevent a recurrence of calamities such as Hitler and his axis collaborators have forced upon an unwilling, indeed a victimized world.

I make a plea here in this free parliament for the average citizen; for the shopkeeper; for the mother of forty years of age with sons and daughters who may be eighteen, sixteen or twelve; for the next generation; for those who are unborn; for my grandchildren, if there be any. Let us, since we have found fraternity and association and collaboration so indispensable to get the strength with which to meet the attack, preserve that association and use it, nourished by the genius of statesmanship, to ensure that the world shall not have a recurrence of this dreadful and indeed abysmal conduct whereby the sword has become the instrument of government, instead of the light of reason, which, despite all that may be said by the critics of democracy, can give to a free people not only as clear a vision of the future, but a capacity for decision, for right decision, which the totalitarians can never attain.

May I thank you very deeply for the great honour you have done me this afternoon in inviting me to speak to you. I come from a country small in point of numbers, a country of seven million people. We have an area of approximately three million square miles. We are in the south Pacific. Think for one moment about the map of the world and have a look at the lands that are south of the equator—South America, South Africa, Australia, New Zealand and the number of smaller islands scattered about, mainly in the Pacific. Consider the characteristics of the people that live in those parts, and you will understand when I say that the struggle to preserve Australia was a struggle to be of service to the world.

Mr. MACKENZIE KING: I would ask the Speaker of the Senate and the Speaker of the House of Commons to express our thanks to Mr. Curtin for the very eloquent address which he has just delivered to us.

Hon. Senator THOMAS VIEN, K.C., (Speaker of the Senate) (Translation): Mr. Prime Minister of Australia, the Canadian people are, as you know, largely of British and French extraction. I am very happy to be given the opportunity of expressing to you in my mother tongue, one of the two official languages of this country, the deep gratitude of the Senators, of the Members of the House of Commons, and, indeed, of the whole people of Canada, whom you have honoured by this visit at the conclusion of the historic London Conference and by the gracious and very moving words you have just spoken.

Your great reputation, Mr. Prime Minister, has preceded you in this country. You come to us in the radiance of the glory with which your fellow countrymen covered themselves on every battlefield during the first Great War—and of the even greater glory which they have achieved during the present conflict. Australia has earned the eternal gratitude of mankind for having heroically withstood the Japanese onrush which swept in like a tidal wave from the Far East. Thanks to the wise and courageous leadership that you have given her, your country has brought her war effort to the highest pitch, and made a tremendous contribution to the United Nations.

Canada has been in the West the link joining the Old World and the New. Your country has played an identical role in Southern Seas, where you have created friendly relations with the great American people, while remaining united by sacred and unbreakable ties to the heart of the Empire.

It gives me great satisfaction to express to you the unbounded affection and admiration of Canadians for you personally and for all our Australian brothers, and to convey to you our warmest thanks for the encouragement that we have received from your presence among us and from your very comforting words.

God bless Australia and the Australians and their distinguished Prime Minister! God bless our soldiers, sailors and airmen! God give us a glorious, speedy and decisive victory, and a lasting Peace to the World.

Hon. JAMES ALLISON GLEN (Speaker of the House of Commons): Mr. Prime Minister, it is with singular pleasure that we welcome and thank you for your presence with us.

We have had many notable and distinguished visitors during the last four years, and to-day we behold two of the Prime Ministers of the great dominions speaking from the floor of the House of Commons in Canada, our own Prime Minister, the Right Hon. W. L. Mackenzie King, and the Prime Minister of Australia, the Right Hon. John Curtin.

To add to the importance of this gathering, these very distinguished gentlemen have arrived in Canada fresh from a meeting of the Prime Ministers of the commonwealth of British nations in London, during which, it is no exaggeration to say, issues affecting the whole world and countless millions of people for countless years have been subjects of deliberation. This is not the occasion to refer to those issues, but I think it is permissible to say that at no time in our history were the bases of our democracy, and in particular free and untrammelled speech, better exemplified than in the recent meeting. It is eminently proper that the central purpose—to win the war—did not preclude that equally momentous purpose—the vision of a new world order based upon the policies of cooperation and good neighbourliness.

Sir, all will agree you made a notable contribution to that meeting and you are entitled to say that in the essentials, in the broad scheme of affairs, having regard to the geographical, political and social problems, there was agreement—a lesson for all the world to note.

We shall never forget those tragic days when your country was in serious and imminent danger of invasion in force by the Japanese. Those days were fraught with great peril, and it must be a matter of justifiable pride to you to reflect that under your leadership Australia rose superior to the threat, withstood and ultimately safeguarded her shores from a cruel and remorseless foe. Now your country and the other united nations are destroying that Japanese menace.

You, sir, are not a stranger to the floor of a House of Commons, and, while the report has it that the vocabulary of your assembly is vivid as its southern sun, I think this gathering to-day of both our houses demonstrates that the coldness of our northern words serves but to conceal the warmth of our welcome to you.

I am glad to say that four of our colleagues of this house will soon have an opportunity to convey to your assembly in sincere and adequate terms our friendliest regards and greetings to Australia, reciprocating those which some of your colleagues brought to us here last year.

Sir, Canada thanks you for your fine speech and your presence among us. We wish you a safe return to your native land, and we hope that the time is not far distant when we shall meet again in the happier days when this war shall cease. Towards that end your country has made an enormous contribution, and, when you speak to your own people, tell them that all Canada fervently declares: Well done, Australia!

The proceedings were concluded by the singing of God Save the King.

Friday, June 2, 1944

The house met at three o'clock.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 113, for the relief of Frances Eleanor Campbell Coleman.—Mr. McIlraith.

Bill No. 114, for the relief of George Igaz.—Mr. Casselman (Grenville-Dundas).

Bill No. 115, for the relief of John William Frank Draper.—Mr. Emmerson.

Bill No. 116, for the relief of Sam Sokoloff.—Mr. McIlraith.

Bill No. 117, for the relief of Léon LeBrun.—Mr. Macdonald (Brantford City).

PRIME MINISTER CHURCHILL

SUGGESTED PUBLICATION IN VOTES AND PROCEEDINGS OF SPEECH OF MAY 24

On the orders of the day:

Hon. T. A. CRERAR (Minister of Mines and Resources): Mr. Speaker, a few days ago the hon. member for Temiscouata (Mr. Pouliot) directed an inquiry to the government as to whether it was the intention to print in *Votes and Proceedings* of the house the speech delivered by the Prime Minister of Great Britain before the British parliament following the recent conference of prime ministers.

I have made some inquiries since the hon. member again brought up the matter yester-

day, and I may say it is not the intention of the government to have that speech recorded in the proceedings of the house. After all, the records of this house are for the discussions and debates which take place here. The speech of the Prime Minister of Great Britain is recorded in British *Hansard,* and has also been published in full in many of the newspapers of Canada.

CITY OF OTTAWA

JOINT COMMITTEE OF BOTH HOUSES TO REPORT ON FEDERAL-MUNICIPAL RELATIONS

On the orders of the day:

Hon. T. A. CRERAR (Minister of Mines and Resources): Yesterday the hon. member for Broadview (Mr. Church) asked if it was the intention to widen the scope of the committee at present inquiring into certain matters as between the city of Ottawa and the government. I may say to my hon. friend that it is not the intention of the government to broaden the present inquiry.

ROYAL CANADIAN AIR FORCE

REPATRIATION OF AIRCREW PERSONNEL AFTER THREE YEARS' SERVICE OVERSEAS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I should like to ask the parliamentary assistant to the Minister of National Defence for Air whether negotiations are under way between air ministry officials in Great Britain and Canada with a view to arranging that Royal Canadian Air Force men shall become eligible for repatriation to Canada after three years' service overseas. I would be glad if he would give the house the latest available information on this point.

Hon. CYRUS MACMILLAN (Parliamentary Assistant to the Minister of National Defence for Air): Mr. Speaker in reply to the leader of the opposition, who courteously gave me notice of this question, I may say that negotiations were completed some time ago between air ministry officials of Great Britain and Canada and an agreement was entered into under which aircrew personnel of the Royal Canadian Air Force who have served three years overseas will be eligible for repatriation to Canada. Such repatriation is always subject to the operational needs of the service.

[Mr. Crerar.]

THE BUDGET

INQUIRY AS TO PROBABLE DATE OF PRESENTATION

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): May I ask the Minister of Finance whether he is in a position to indicate when the budget will be presented?

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, I realize that I have indicated on two or three occasions that the budget would be presented at an early date. I am doing the best I can with the situation, but I must say that it will be two weeks from now at the earliest before I shall be able to present the budget. There has been a very considerable increase in the number of matters that make demands upon my time, and while a large amount of work is being done on it I do not think we can get it to the stage of completion until the time I have indicated. While I am on the subject I might refer to the fact that there are many rumours in the press and elsewhere as to what the budget will contain. I want to say that all those rumours without exception are entirely unfounded.

Mr. GRAYDON: Does the minister read them all?

Mr. ILSLEY: I have not read them all. In the nature of the case they must of necessity be unfounded. I do not know what the budget will contain; the government does not know what the budget will contain. I will not know until almost the last moment before the budget is presented.

Mr. GRAYDON: The press is in just about as good a position as you are to prophesy.

Mr. ILSLEY: I am not prophesying. I think it does far more harm than good to make statements, some of which are rather plausible on their face, as to what the budget will contain. I want to make it very emphatic that nobody knows what will be in the budget or has any ground whatever for making predictions as to what the contents of the budget will be.

Mr. GRAYDON: Perhaps it is the way the press have of making suggestions to the government, and the minister mistakes them for predictions.

Mr. ILSLEY: Perhaps so.

FOREIGN EXCHANGE CONTROL

PREMIUM OR DISCOUNT RATES ON UNITED STATES FUNDS

On the orders of the day:

Hon. J. L. ILSLEY (Minister of Finance): On May 18 the hon. member for Renfrew South (Mr. McCann) asked:

Are there to be any changes in the premium or discount rates?

To which I replied:

That is a matter of government policy to be announced in due course. None is being announced to-day.

I try to be very careful in these answers because I realize how important the interpretation placed upon them may be. I am told that that answer has been interpreted in some quarters as meaning that the government is giving consideration to changing the discount rate. That is not the case. I did not mean by that answer, nor did I intend to give the impression by that answer, that any announcement would in fact be made regarding that matter or that any consideration was or is being given to it.

INTERNMENTS

CAMILLIEN HOUDE

On the orders of the day:

Mr. LIGUORI LACOMBE (Laval-Two Mountains): Mr. Speaker, I gave notice to the Minister of Justice of the following question to which I should like to direct his attention.

(Translation): In the first place, has the hon. the Minister of Justice (Mr. St. Laurent) or his department received the report of the members of the advisory committee who have examined, at Fredericton, about a week ago, the application for release from an internment camp filed by Mr. Camillien Houde? Second, should the contrary be the case will the Minister of Justice request the members of the advisory committee to send him their report concerning the examination undergone by Mr. Camillien Houde. Third, has the Minister of Justice received, this very week, from certain public bodies such as the labour unions of Canada, petitions asking for the immediate release of Mr. Camillien Houde from an internment camp?

Mr. SPEAKER: Would the minister indicate just what is the question asked by the hon. member?

Hon. L. S. ST. LAURENT (Minister of Justice): The question relates to the release from internment camp of Mr. Camillien Houde.

Mr. SPEAKER: I do not know how many times the hon. member has asked a question of the same kind. It cannot have that degree of urgency which should exist for a question asked on the orders of the day, and I therefore must ask the hon. member to place his question on the order paper in the usual way.

WHEAT

PRICES FOR 1944 CROP

On the orders of the day:

Mr. J. A. ROSS (Souris): I should like to direct a question to the Minister of Trade and Commerce. In this morning's Montreal *Gazette* appears a lengthy article about the wheat convention that was drafted at Washington in 1942. It intimates that there is to be a change in the price of wheat and it happens that Canadian wheat board officials have recently been in Washington. May I ask the minister if any change in the price of wheat for the 1944 crop is contemplated by the Canadian wheat board, as is indicated in this article?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I saw the article to which the hon. member refers. Conversations have taken place in Washington from time to time in the international wheat committee, but there has been no decision on the point suggested.

Mr. GRAYDON: Is it being considered?

LABOUR CONDITIONS

EMPLOYMENT OF ARMED FORCES PERSONNEL IN CIVILIAN CAPACITY—FLORENCE COLLIERIES, SYDNEY, N.S.

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): I should like to direct two short questions to the Minister of Labour based on telegrams which I received yesterday. One was from the steel workers' lodge 1064 at Sydney protesting against the employment of seventy-six members of the Joliette regiment as labourers in the steel plant while local labour was available. The second concerns the failure of the operators to accept the decision of the adjustment board in Nova Scotia and reinstate three employees at the Florence collieries. Is the minister in position to say whether his department can intervene in these disputes?—because they might mean a serious interruption of production.

Hon. HUMPHREY MITCHELL (Minister of Labour): I got my hon. friend's question just before I came into the house. The Department of Labour had no knowledge of this situation at Sydney until a telegram was

received from the steel workers, I think on June 1. We checked the situation. It is true that seventy-six members of the Joliette regiment stationed at Sydney volunteered their services while on leave during the week-end and were employed at local wage rates, subject, I am informed, to the usual deductions for income tax. As to the question of employing members of the armed forces in a civilian capacity while civilians are seeking employment, my information is that there are no civilians in the Sydney area who are seeking employment of the kind undertaken by the men from this regiment.

The second question dealt with the dismissal of three employees at the old Sydney collieries in Nova Scotia. Word was received yesterday by my department that the adjustment board set up under the agreement between the United Mine Workers of America and the Dominion Steel and Iron Corporation had adjudicated on the dismissal of three employees, and while the arbitration board finds that both the company and the men were at fault, it recommended that the men should be reinstated. My department immediately got in touch with our resident officer at Fredericton, who in turn informed the company that their refusal to reinstate these men was a breach of section 17 of P.C. 1003. That is how the matter stands at the moment. The general manager of the company was absent at the time and the message was conveyed to the general superintendent, who I am informed got in touch with the general manager with reference to the opinion on the matter held by the Department of Labour. I hope to be able to give to my hon. friend some word over the week-end as to the conclusion of the dispute.

PRISONERS OF WAR

REPRESENTATIONS BY GREAT BRITAIN TO RUSSIA RESPECTING PRISONERS OF WAR IN JAPAN

On the orders of the day:

Mr. THOMAS REID (New Westminster): Mr. Speaker, I should like to direct a question to the acting leader of the house, and if he is not prepared to answer it to-day, it might stand as a notice. According to a dispatch of the United Press, the Right Hon. Anthony Eden stated in the British House of Commons the other day that representations had been made by Great Britain to Russia on behalf of British prisoners of war in Japan. Has Canada made or is she making representations along similar lines to those made by Great Britain?

Mr. CRERAR: The question will have to stand as a notice until Monday.

HOUSING

SUGGESTED CEILING PRICE ON LOTS AVAILABLE FOR NEW DWELLINGS

On the orders of the day:

Mr. S. H. KNOWLES (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of Finance. In view of the increasing demand for building lots, as a result of the government's housing proposals, will the Minister of Finance give consideration to the placing of a ceiling price on lots available for new houses, in order that there may be no loss of the advantages of the government's proposals?

Mr. SPEAKER: Order. That question must be placed on the order paper.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Thursday, June 1, consideration in committee of a resolution to grant to His Majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

DEPARTMENT OF FINANCE

Wartime Salvage Limited, administration and losses, $500,000.

The CHAIRMAN: I must state to the committee with respect to this item that I was in the chair last night when the committee rose, reported progress and asked leave to sit again, and this item of $500,000 was passed, but in *Hansard* it is not recorded as having been passed. The item is carried.

Item agreed to.

Canadian wool board, administration, $500,000.

Mr. BRYCE: Has any change been made from last year? Manitoba and British Columbia did not participate in the bonus because under the agreement that was made the provincial governments had to put up fifty per cent. I think it is very unfair. I do not need to speak for British Columbia because—

Mr. ABBOTT: If my hon. friend will allow me, the payment of the subsidy, which is a producer's subsidy, is under the Department of Agriculture and has nothing to do with the operations of the Canadian wool board. I think my hon. friend's inquiry should be directed to the Minister of Agriculture.

Mr. HATFIELD: The price of wool in Canada was set by the wartime prices and trade board at 25 cents to the producer, while in the United States the O.P.A. set the price at 45 cents. The wool is all handled and controlled by the united nations wool pool. Why, then, is not the price in Canada as high as it is in the United States?

Mr. ABBOTT: In the first place, so far as I am aware, there is no united nations wool pool. The United States price has been higher than our price, which is the case with a good many other commodities. Incidentally the price in Canada is somewhat higher than 25 cents a pound as mentioned by my hon. friend. I have the 1944 prices here. The lowest price is 28 cents, and from that the prices range, depending on grade and quality to 33 cents and higher per pound.

Mr. FRASER (Peterborough West): Were subsidies not paid in the past on wool coming in from South America?

Mr. ABBOTT: Certainly not during the past year, and I am advised that at no other time has a subsidy been paid.

Mr. FRASER (Peterborough West): A subsidy was granted in the early days of the war on wool coming in from South America, and I wondered if any had come in. I know that their wool is of a very poor quality, dirty and tangled.

Mr. ABBOTT: We permitted the import, but there was no subsidy paid because I am advised that none came in.

Mr. FRASER (Peterborough West): It did not come in evidently because of its quality.

Mr. REID: While it is true, as the parliamentary assistant has said, that the subsidy on wool is paid under the Department of Agriculture, is it not a fact that the price of wool in this country is based on the price in the London market of Australian wool plus the freight from Great Britain to Canada? That was one of the reasons for the subsidy, to help make up the difference. At least that is the information we have from the wool growers association.

Mr. ABBOTT: I am advised that the price of wool is fixed at the laid-down cost of New Zealand and Australian wool in this country.

Mr. REID: From London?

Mr. ABBOTT: No, from New Zealand and Australia, whichever country it happens to come from.

Mr. CHURCH: How long is this subsidy policy to continue? Is it to continue after the war?

Mr. ABBOTT: I am afraid I am not in a position to say how long it will continue. If I venture into the field of prophecy, I think it is likely that we shall have to avail ourselves of subsidies until at least the end of the war, as part of the price control policy.

Mr. BRYCE: Would the minister put on the record the amount of wool which has been imported in the last three years?

Mr. ABBOTT: I have not that information here, but I can get it and give it to my hon. friend, if that would be satisfactory.

Mr. HATFIELD: Is there a subsidy on shoddy?

Mr. ABBOTT: The corporation sustained a loss of $5.95 last year on shoddy.

Mr. HATFIELD: They do trade in it?

Mr. ABBOTT: Yes.

Mr. GLADSTONE: Wool is being stored in large quantities in buildings throughout the country. Does the matter of storage come within the scope of this department, or is it handled elsewhere; and if so, could the minister give particulars of the contracts for storage?

Mr. ABBOTT: The company has its inventory stored in about forty warehouses. It pays the usual storage charges for warehousing its product, as any other merchant would do. I have a list here of the warehouses which are used; to be exact, there are thirty-nine. I do not know whether my hon. friend wants me to give him the list. It is a long one.

Mr. GLADSTONE: I would like the hon. member to place the list on the record; also to indicate if all contracts for storage are on a uniform basis, if persons are employed by the government to secure storage buildings, and how the entire system of storage is handled for the department.

Mr. ABBOTT: I find that the list I have here is last year's list. There is one more name to add to it, and I have not that name here. I suppose one should be prepared for

all these questions, but I had not thought that we would require to table the list. However, I can get it. I do not know whether it need be printed in *Hansard*; that is as the committee wishes. If my hon. friend or any other hon. member is particularly interested I can see that a copy of the complete list is furnished. Perhaps that course would be preferable to printing the list in *Hansard*. Would that be satisfactory to the hon. member for Wellington South?

Mr. GLADSTONE: Yes.

Mr. ABBOTT: As to the basis on which these warehousing charges are paid, I am advised by the comptroller of the board, who is in front of me, that the contracts are on the usual basis. We would have to get particulars of each individual deal. There is no objection to doing that; I should be quite ready to furnish that information; but again I am afraid I have not got it here. There would be a certain amount of work in getting it, but if either the committee or any individual hon. member wants it of course I shall be glad to get it.

Mr. GLADSTONE: Is the storage based on so much per pound or per hundred, or does it vary with different buildings?

Mr. ABBOTT: I am advised that some of it is on a poundage basis, and some of it is on an annual rental basis, where it is expected that the whole of the space which can be rented can be used. It varies from warehouse to warehouse, depending on the circumstances.

Mr. GLADSTONE: Where the contract is made on an annual basis, is the contract with the government, or the owner of the building, or in some other way?

Mr. ABBOTT: The contract is between Canadian Wool Board Limited, the corporation whose estimates we are now discussing, and the warehouse company, or the owner of the warehouse, as the case may be.

Mr. MARSHALL: This board has been set up for a matter of two years. It was created under order in council P.C. 1853 of March 10, 1942. Unfortunately we have not the latest financial statement to inform us as to the operations of the company during the last year. In the previous year the company had a net loss of approximately $34,000. I would like a little enlightenment on the matter of the commissions on sales, totalling $11,345.82.

Mr. ABBOTT: Is that in last year's figures or this year's figures?

Mr. MARSHALL: Those are last year's figures.

[Mr. Abbott.]

Mr. ABBOTT: I have just received the statement of this year.

Mr. MARSHALL: What were the operating profits or losses for the year ended March 31, 1944?

Mr. ABBOTT: The net operating loss for the year ended March 31, 1944 was $221,296.11. I think my hon. friend has the comparative figure for last year.

Mr. MARSHALL: Yes. I have these figures: $36,246 last year, as against $221,296 this year.

Mr. ABBOTT: That is correct.

Mr. MARSHALL: Could the minister break that down into, let us say, commissions on sales, warehouse expenses, administrative expenses, office furniture and equipment

Mr. ABBOTT: Yes. Commissions on sales, $58,857.40, and a small item of $665.90 for discount on sale; total $59,523.30. Under warehousing expenses are included storage and handling, insurance, inter-warehouse freight, miscellaneous repairs, bales and bags, sampling and testing. The large item under that heading is $198,838.58, covering storage and handling; $16,733.45 for insurance; $15,384.04, inter-warehouse freight; the miscellaneous and similar items that I referred to, totalling $236,681.77; administrative expenses, the usual salaries, travelling, rent, stationery, et cetera, total $59,547.42; total expenses, $355,752.49. Net operating loss, $205,646.60, from which are deducted items representing discount on purchases, miscellaneous revenue, and inventory adjustment, totalling $26,689.46, leaving a balance of $178,957.14; and to that loss is added an item covering storage and handling of stock pile of $42,338.97, giving a net loss of $221,296.11. The auditor general is auditing this statement now. I should make it clear that this is the statement prepared by the Canadian wool board.

Mr. MARSHALL: Will the parliamentary assistant enlarge on that item of $59,523? To whom were the commissions paid?

Mr. ABBOTT: I have here a three or four page document setting out the regulations issued by the Canadian wool board respecting rates of commission to registered wool warehouses on Canadian fleece wool in 1944. It is lengthy. It gives the information which I take it my hon. friend wishes to have, but since I am not an expert on wool, I should be glad if he would indicate more definitely exactly what he wants.

Mr. MARSHALL: I am not especially interested in any one particular item. This is an amount which is paid to the regular firms

operating in wool. Is that the object of the commission? This corporation carries on business through regular wool dealers?

Mr. ABBOTT: Regular wool brokers, wool dealers; that is correct.

Mr. MARSHALL: What is the rate of commission paid?

Mr. ABBOTT: The sole purchaser of Canadian-produced wool is the corporation, and it buys only graded wool through the registered warehouses. Agents, collectors or the wool growers' association may be licensed by the board to operate on behalf of the registered warehouses, but payments are made directly to the grower by the registered warehouse on the basis of grades and prices set by the board, and the warehouse is allowed the uniform commission. The wool sold by the board for civilian requirements is sold at prices in conformity with the domestic ceiling, and on all importations of wool yarns, fibres et cetera, the board assumes the position of any private importer as regards import subsidies and applies to the stabilization corporation for subsidies required to avoid a loss on its own account.

Mr. MARSHALL: What is the rate of commission paid these wool firms?

Mr. ABBOTT: The table I have referred to will give an idea of the rates:

For services rendered, a registered warehouse shall be entitled to commissions on the following basis:

Section 1—2½ cents per pound on all range wool and western domestic wool in the fine and ½ blood grades.

Section 2—3¼ cents per pound on all other grades of range wool and on all other grades of western domestic wool.

Section 3—3½ cents per pound on all grades of eastern wool—Ontario, Quebec and the maritimes.

These rates per pound on the net weight of the respective classifications are the full rates which will be paid by the board for all services rendered; payments to licensed agents; handling, grading, normal weight loss, insurance and all carrying charges until the wool is taken over by the board; loading graded wool on railway car or truck, and any other expenses incidental to the proper operation of a registered warehouse.

There is a good deal more information with regard to commissions of other types.

Mr. BRYCE: Can the parliamentary assistant tell us whether we are getting sufficient wool now? Two years ago we were 8,000,000 pounds shy, and that meant that the farmers would have to clip another million sheep to make up the shortage. At that time, two years ago, when the people were making blankets, they used seventy per cent shoddy and a year ago fifty per cent. Can the parliamentary assistant make a statement on the progress that has been made in the provision of wool?

Mr. ABBOTT: The situation is fairly satisfactory. As of March 31, 1944, the holdings of wool by the board, including stocks owned jointly with the United Kingdom, were 27,500,000 pounds, clean basis. With the war picture now changed and no longer demanding the holding of such large stocks as were necessary until recently for civilian and military purposes, the policy is to liquidate a substantial part of the present inventory.

Mr. GRAYDON: I have no wish to delay the passing of this item and I am sure the parliamentary assistant is anxious to avoid any possible delay, but I do want to call his attention to a part of the debate that took place last night after the hon. member for Victoria-Carleton (Mr. Hatfield) had asked some questions with reference to the potato subsidy which had been claimed and had been paid to the producer. On page 3441 of *Hansard* the hon. member for Victoria-Carleton said:

Coming back to the potato subsidy, we all know what was claimed to have been paid the producer. Since the investigation we know what was actually paid. Would the parliamentary assistant tell us what was actually paid the producers? The investigation showed the amount that was paid.

Then he went on to say:

But he had to pay a certain price to the producer. It is claimed that he paid $3.50 for the first part of August and $3 for the latter part. What did he actually pay?

The parliamentary assistant then said he was afraid he did not have the information here. Then the member for Victoria-Carleton said that perhaps Mr. Van Buskirk might know. The parliamentary assistant, however, said that Mr. Van Buskirk was in the same position as himself; he did not have the information with him. Then I entered the discussion and at the end of my remarks on the same subject I said:

Some time before the debate ends—

And that is why I am rising now.

—I would ask the parliamentary assistant to give the information to the hon. member for Victoria-Carleton, because if it is not readily available now it should be available before the debate ends. This is a vital part of the whole situation, as I see it.

The parliamentary assistant was good enough to say:

I shall see what information I can get.

I rise now not to open the matter again but to ask for the information that was promised.

Mr. ABBOTT: I had in mind dealing with all these points together when we had completed the various estimates, but I might

as well deal now with the point raised by the member for Victoria-Carleton and the leader of the opposition. I made inquiries this morning as to the prices paid the producers in the case referred to, and I am advised that the board's investigator did disclose what prices were paid. They were found to be prices below the ceiling; otherwise a subsidy would have been properly payable. I am sure, however, it would be improper to disclose the private business of a private firm, in this house or elsewhere, as to prices paid for a particular commodity, and particularly so since the hon. member for Victoria-Carleton is a competitor, I believe, of the shipper in question. Therefore I do not think I should place on record the price paid to the producers. I make the general statement that the information was ascertained by the investigator of the Commodity Prices Stabilization Corporation and that the price found to have been actually paid to the producers was under the then prevailing ceiling, but farther than that I do not feel I should go.

Mr. HATFIELD: I may say that the price paid on the market in New Brunswick is public information. There are all kinds of rumours going around as to what price was actually paid in this case. I think I know what the price was—$1.80 a hundred.

Mr. ABBOTT: There was one point I should have added. The purchases were made at different times. I am advised that the price was not uniform in each case; it varied in different cases.

Mr. HATFIELD: I think I know the reason. Some of those potatoes were bought graded and some ungraded. There was an extra price paid for the graded. I understand the price was $1.80 a hundred the first part of August and $1.75 a hundred the latter part of August.

Mr. ABBOTT: My hon. friend knows the potato business very well; I would not question that.

Mr. GRAYDON: There may be some merit in the contention of the parliamentary assistant with respect to ordinary cases, but I am not admitting that there is, because I think the government does carry much too far in the house the matter of revealing of business of competitors. In this particular instance, where a serious situation has developed, so much so that investigations have been made—

Mr. ABBOTT: There has been no suggestion of fraud, remember.

Mr. GRAYDON: I have not made any suggestion of anything more than irregularities. The suggestion of fraud is a serious one to make, and I fancy no one would venture into that field unless he were confident that his statements could be easily supported. However the fact that the parliamentary assistant has declined to give this information is an indication that in a matter of this kind we should have had the report of Mr. Daniels to the wartime prices and trade board. I think the parliamentary assistant has gone much too far—

Mr. ABBOTT: We have argued that twice already.

Mr. GRAYDON: I am just giving the parliamentary assistant this parting shot, that I do not think—

Mr. ABBOTT: You want the last word, do you?

Mr. GRAYDON: Yes, one last word. I realize that it is in vain because of the position the government has taken, but I want to be in a position to support this contention on other matters. As I said yesterday, the principle is totally wrong. It cannot be supported in any appropriate way by the government. The parliamentary assistant should have given the information asked for by the hon. member for Victoria-Carleton, namely, the price that was paid to the producers.

Mr. CHURCH: I wish to refer to one or two matters in connection with the control system and the ceilings. I first want to point out to the parliamentary assistant that this corporation—

The CHAIRMAN: Order. I would ask the hon. member to keep within the item before us, namely, "Canadian wool board, administration."

Mr. CHURCH: I wish to refer to the commodity prices and some of the ceilings that have been placed on consumer goods. As I see it, while the report in the blue book put out by the board shows that a great deal of work has been done, there are a great many articles that should be under ceilings which are not under ceilings at all. Let us find out what control parliament has over this matter. I missed the item, Mr. Chairman, when you moved on to the other one. I want to bring it up on another item.

The CHAIRMAN: It is too bad that the hon. member was not here when the discussion took place, but he will realize it is absolutely impossible for the Chair to reopen an item on which many hours of discussion took place.

Mr. ABBOTT: In order to preserve my reputation for keeping my promises I should like to deal with three or four matters that

were raised in the course of the debate, and on which I said I would give an answer later. The first was a request by the hon. member for York-Sunbury for information regarding the sugar stabilization fund.

This fund was set up under order in council P.C. 3223 on October 21, 1929, and P.C. 6239 dated July 21, 1942. The pertinent clause as amended in the last order in council is as follows:

Surplus funds realized from the sale of sugar and deposited to the credit of the sugar administrator may be utilized, under the direction of the wartime prices and trade board, as a fund for the stabilization of sugar prices in Canada in such manner and at such times as the board shall direct and, without derogating from the generality of the foregoing, such fund may be used before or after termination of the control contemplated by these regulations, for the purchase from time to time of any raw sugar in the possession or control of any refiner in Canada at the price at which such sugar was sold to such refiner by the sugar administrator (with no allowance for any carrying charges) and any refined sugar in the possession or control of such refiner at the cost of the relative quantity of raw sugar sold to such refiner by the sugar administrator plus the refining margin (being the difference between the prices of refined sugar and of raw sugar previously fixed); provided that, notwithstanding termination of the control contemplated by these regulations, the powers of the sugar administrator and of the said board shall continue for such time as is necessary to effectuate any said purchase; and provided further that, on the termination of the control contemplated by these regulations and after effectuating all said purchases, all surplus funds to the credit of the sugar administrator, including the surplus proceeds of sale of any sugar purchased under the authority of this section and sold after the termination of said control, shall be paid over by him to the credit of the receiver general of Canada and shall form part of the consolidated revenue fund of Canada.

The control of sugar supplies was taken over by the sugar administrator in October, 1939, without changing the price for refined sugar in effect on that date. The price of raw cane sugar was fixed at a figure which on a general average resulted in profits to the sugar administrator of approximately thirty-five cents per one hundred pounds. There was, of course, considerable variation due to fluctuation in freight rates, et cetera. In the spring of 1941 the Santo Domingo crop was purchased at 75 cents per 100 pounds, f.o.b. Dominican republic. Something more than one-quarter of this crop was allocated to Canada, and on this transaction an extra profit of approximately $3,000,000 was realized.

In the spring of 1941 the budget had been postponed, the first serious shipping shortage had developed, over-all sugar supplies were low awaiting the opening of navigation in the St. Lawrence, and a rumour was started that the government was likely to increase the excise tax on sugar as a measure to obtain additional revenue. This developed a run, and in order to stop it, an arrangement was made between the board and the Minister of Finance whereby the price of sugar was increased by one cent a pound, pending the submission of the budget, when it was intended that the excise tax should be increased from one cent to two cents. This increase, in the meantime, was paid over to the sugar administrator under appropriate arrangements. On this transaction approximately $1,000,000 was collected between the date of this arrangement and the submission of the budget. Twice since that time the excise tax has been reduced by half a cent without any change in the selling price for sugar. Since the reduction of the excise tax without a change in the price of sugar increased the value of the inventory by half a cent per pound, this amount was collected from the refiners on their total holdings. On each occasion the transaction added approximately $1,000,000 to the funds of the sugar administrator.

The stabilization fund is, of course, simply the realized profit of the sugar administration in operations to date. The balances in this account at the end of the sugar administrator's fiscal year, August 31, have been as follows:

1941	$12,647,804
1942	15,147,047
1943	11,532,425

At April 30, 1944, the surplus amounted to $14,710,314. The reduction of approximately $3,600,000 in the fund in the fiscal year 1943 was due to selling raw sugar below cost. This was the result of excessive war risk premiums during that period.

The hon. member for Victoria-Carleton asked for a statement regarding the quantity of refined sugar damaged at Saint John, New Brunswick. There have been no losses or damage on any sugar in Saint John owned by the board or held in storage by order of the board. The board is not aware of any losses or damage to any other sugar in Saint John. It is not, of course, familiar with the internal operations of private firms.

I promised to give the hon. member for Bow River a statement respecting the ration coupon banking situation. At the outset of ration coupon banking, arrangements were made with the chartered banks to provide this service at cost on the basis of actual salaries paid to bank employees for the time they were engaged on ration coupon banking and direct costs for stationery and other supplies. To ascertain these actual costs a time survey covering approximately some 100 branch banks was made for a period of about six weeks and records were kept of the time

consumed and the actual salary costs of the bank officials so engaged. The results of this time survey were checked by the comptroller's division of wartime prices and trade board, and it was felt that the unit charges proposed in this survey were fair and reasonable. The survey covered only salary and direct costs such as stationery, et cetera, and did not cover any charges for overhead, space, light, heat, et cetera.

As a result of the survey, unit costs for four different operations were calculated. For example, there was a charge of 12 cents per thousand coupons physically handled; a charge of 25 cents payable for the opening of every new ration bank account; a charge of 25 cents for each ration transfer voucher (a document similar to a draft for transferring ration bank credits) and, finally, a charge of 6 cents per entry in a customer's account.

At the present time, in accordance with the original arrangement made with the banks, the board is reviewing the arrangement and making a spot audit of the monthly invoices received from the banks.

Mr. LACOMBE (Translation): Mr. Chairman, I wish to point out to the committee that the government should take every means in their power to prevent a rise in the price of fabrics and clothes. Is it a fact that the scarcity of wool—

Mr. ABBOTT: Mr. Chairman—

The CHAIRMAN (Translation): Order. The hon. member for Laval-Two Mountains knows quite well that he must keep within the purview of the item which is now before the committee. The matter with which he is now dealing has already been submitted to this committee, on the second item of these estimates, and it was discussed at great length.

Item agreed to.

Auditor General's office, audit of war expenditure, $290,600.

Item agreed to.

Finance, comptroller of the treasury, $9,105,355.

Mr. CHURCH: Mr. Chairman, I think the time has come when the house should regain what it used to have, namely, some control over war expenditures, as they appear in these estimates. We have just seen voted the sum of $140,000,000, and we have been divested of any control whatsoever in connection with that expenditure.

We now come to the office of the auditor general, one which at one time in Canada was most honoured. I have criticized this report at length since the war began. Shortly after confederation a great auditor general arose—the late Mr. McDougall—and he operated under the treasury of Mr. Mackenzie, who used to sleep on the strong-box. Well, there is no one in Ottawa now to sleep on the strong-box. Alexander Mackenize was a Liberal and an economist. Where is he today? The statue of him is away in the back yard—and that is a fitting place for him at the present time, the way money is being spent. In those days the auditor general's office was an important one. A civil war was fought in England to enable parliament to get control over all expenditures. Since this war began we have lost all control over war or civil expenditures, and all economy or retrenchment is forgotten.

What control has this parliament over any expenditures? Here we have an expenditure of around four billions of dollars. Last year I read to hon. members a letter received from the auditor general's office—I refer of course to the present auditor general, Mr. Sellar, a very good official, so far as I know. At the time I received the letter he was secretary to a minister of finance. In his letter he stated that he had no control over anything contained in war appropriation bills. The procedure has been amended somewhat so that now there is a comptroller of the treasury who has certain duplicate duties under the Minister of Finance. I sympathize with the minister, because I realize he carries a very heavy burden. He is the pivot of the whole public service, and bears a heavy share of work. However, I fail to see the usefulness of this particular division.

As hon. members know, there is now sitting a war expenditures committee. Where they are, I do not know. They have been lost, strayed or stolen. We have not had one report from them, and we have now reached the seventieth day of the session. I have yet to see one report from the war expenditures committee.

What are the functions of the auditor general and comptroller? Those functions are set out. They do not state that he is an official of the Minister of Finance. Rather he is an official of parliament and is responsible to parliament for every dollar spent. But we might as well go home, and stay home, for all the control this parliament has over war expenditure. All the boards have been appointed, and about 46,000 orders in council have been passed. Do hon. members think that orders in council do not involve the expenditure of money?

The auditor general makes his report a few days after the opening of parliament, and in it we find the public accounts. It is a very good report. If he sees anything wrong it is his duty to report it to the house, but up to

last session very little reporting had been done. I do not see the hon. member for Témiscouata in his seat, but I know he would give the other house more work. I suggest the report of the auditor general might very well be referred to another branch of parliament in another place, where some of these expenditures could be considered.

I notice the Minister of Public Works is smiling. It was said that they could not get paint, but I notice they have enough money for yellow paint—"Site No. 1", "Site No. 2", "Site No. 3"—disfiguring not only the pavement but also the landscape on which we want to spend millions of dollars to beautify the city. Let us get rid of some of the extravagance right around parliament hill.

The auditor general has lost control over war expenditures and civil expenditures. He has not the functions he used to have. These are all with the comptroller now. A report may be presented to the comptroller of the treasury for payment and as long as it is within the four corners of the appropriation bill it is paid. Some of those reports cover almost a quire of paper. The information is given on the back of the paper, but there is very little check on the expenditure. No great banking system could maintain itself if it had not a better auditing system, nor could a department store or a railway company. The war expenditures committee never report to parliament till near the end of the session. They conduct their business as a star chamber. I doubt if the auditor general could get into that committee. I say the time has come for us to put on the brakes in respect of some of these war expenditures. I have the report of the auditor general before me and I think it is a good report for the money that has been spent. The vote is only $290,000. I am criticizing the system, not the officials.

I believe the time has come when parliament should try to regain some of the control over war and civil expenditures which has been lost. The auditor general reports to the house on anything that he considers to be wrong, and the report is a rather heavy volume. Our war expenditures amount to over four billion dollars and, as I say, the House of Commons should try to regain some of the lost control over expenditures.

Mr. MacNICOL: Just a word or two—

The CHAIRMAN: I called the first item and it was carried and we are now dealing with item No. 2. Apparently the hon. member who has just spoken did not understand that the first item was carried. Is it the wish of the committee to revert back to item No. 1?

Mr. ILSLEY: We had better revert back.

The committee having reverted to the item—

Auditor General's office, audit of war expenditure, $290,600.

Mr. MacNICOL: During the last few sessions I have criticized the auditor general's report rather vigorously, so that I feel it my duty now to express a word of commendation of the report this year. During the last few years there has been very little given to us in the report, but this year the auditor general has included everything down to $2,500 and has turned out a really fine report. I have studied it carefully and I should like to refer briefly to one or two items. There are many items in the auditor general's report which it would be well worth the time of hon. members to read. There is one which I have marked, "The Limit" to be found at page 14 at the back of the book. It reads:

> 42. Excise duty drawbacks—(a) The attention of the department was directed to the fact that drawback claims, in respect of the excise duty collected on malt contained in malt beer exported, were paid without the beer being tested as required by section 179 (2) of the Excise Act. In explanation, the department stated that "the instruction to dispense with testing of samples of beer exported was given because of the physical inability of our laboratory to keep up with the greatly increased volume, plus an appreciation that the test itself had proven to be of little or no value."

The fact that they were not able to keep up with their work is no excuse. I think the auditor general was quite right in pointing that out. There would appear to be laxity on the part of someone. There are many of these that I have marked, but another one that struck me particularly is paragraph 60 on page 19, which reads:

> 60. Receipts of $3,519,731.24 might have been, by reason of the provisions of the War Appropriation Act, recredited to war appropriation account. The sum represents moneys arising from special discounts granted by suppliers, voluntary refunds and refunds of profits on account of cost audits, which were treated as revenues rather than reduction of expenditures, since the contracts to which they are applicable could be ascertained only by effort beyond the practical needs of the moment. In addition to this sum, special receipts of $1,604,787.43, arising chiefly from refunds of profits disclosed by cost audits, were held in suspense as at March 31, 1943, pending investigation to ascertain the government or allotment entitled to receive the benefit.

As I say, having been critical before I now want to give the auditor general credit for putting out a most exhaustive report, and for pointing out many cases even more pertinent than the ones I have quoted. I had intended to let this matter pass, but when it was introduced by the hon. member for Broadview I felt it my duty to compliment the auditor general upon getting out such an

effective report, a much more helpful report than the ones we had in the previous two or three years.

Mr. MARSHALL: When the item was called I refrained from making any comment because the auditor general's report is now the subject of investigation by the public accounts committee, of which I am a member. I want to add a word of commendation to those expressed by the hon. member for Davenport about the work being accomplished by the auditor general. The public accounts committee has held a number of sittings and we have gone into a number of the items mentioned in the report, particularly that part to be found at the end of the volume. I am satisfied that given more time we shall be able to clear up satisfactorily many of the misunderstandings which appear in the report. I notice that the civil estimates covering the work of the auditor general are somewhere in the neighbourhood of $348,000, whereas this vote is for only $290,000. The question arises as to why there should be this difference when there is more work to-day in connection with these audits than there was prior to the war. The whole matter should be gone into carefully and explained.

Mr. ILSLEY: The regular staff is working on war work, and I suppose they can be said to be paid to a large extent out of the civil appropriation. I should like to say a word which may not be strictly relevant. Last night some hon. members were good enough to speak appreciatively of the report of the wartime prices and trade board and today some hon. members have spoken appreciatively of this report. I want to point out that nearly all of the report is prepared by the Department of Finance, the auditor general's part being the small portion at the back.

Mr. KNOWLES: That is where the criticisms come.

Mr. ILSLEY: The auditor general goes through the public accounts and if there are any matters which are of doubtful regularity it is his duty to point them out; but I think that members will agree that for the volume of transactions that take place in this war the number of irregularities is very small indeed. The committee will remember that last year we had some debate over the adoption of this new form of public accounts and the auditor general's report, and I am glad that it seems to commend itself to the committee. I do not get an opportunity very often of saying anything in praise of the officials of my department, or of hearing much praise of them, and when I do I am pleased indeed. It is a matter of satisfaction to me that some tribute is being paid to the incessant work, the back-breaking work, that my officials do, not only in the discharge of their daily duties but in the preparation of this very able and excellent report.

Mr. KNOWLES: I would appreciate it if the minister would make some further comment—I think perhaps he intended to—on the question raised by the hon. member for Camrose, but before he does so I would like to enlarge upon it briefly. There is a disparity between the amounts of money required by the auditor general for auditing civil expenditures as compared with wartime expenditures. The amount of this year's civil budget is roughly $700,000,000 and the amount required for the auditor general's office—with respect to auditing, I take it, the $700,000,000—is $363,000. That includes $15,000 which the minister did not include in the figures he gave a moment ago. But when it comes to auditing the war expenditures, we have a total war appropriation bill of $3,650,000,000 and the amount required for auditing that sum would appear to be only $290,600. It occurs to me that there may be an explanation for that, of the kind suggested previously by the Minister of Finance. On the other hand there may be false economy here. Certainly no one can complain at all of an item of $290,600 to audit $3,650,000,000. I am a member of the war expenditures committee, which has just been run into the ground by the hon. member for Broadview. I shall not argue with him on some of the points he has raised in connection with the committee, but I have had enough experience on the committee to realize that the checking of the expenditures under the war appropriation is a huge job, and it does seem to me that we should have the assurance that the auditing is thorough, right down to the very last item. I should be glad if the minister would give us that assurance and explain why the vote is so small in this particular instance.

Mr. ILSLEY: The salaries of all the permanent officers are charged to the civil vote for the office. This allotment is mainly for the salaries of temporary employees engaged on war audits. The only other important item of expenditure is for travelling expenses by the men who make periodical examinations of the R.C.A.F. schools and stations and overseas establishments. I do not think it is possible to divide the total expenditures connected with the work of the auditor general with any precision whatever as between work on non-war activities and work on war activities. The permanent officers are engaged in what is more or less war work. The temporaries provided for by this estimate are engaged altogether on

war work. I do not think there is any significance to be attached to the fact that the vote is a little larger for the civil estimates than for the war estimates, because it is so difficult to allocate precisely the expenditures to one or the other activity. The great cost of checking expenditures and seeing that they are regular is not connected with the auditor general but with the comptroller of the treasury. There we have an enormous staff, something like seven thousand, and there, there is a division between war expenditures and peace expenditures.

Mr. KNOWLES: Is there a much greater increase there?

Mr. ILSLEY: I think it is much greater for war there.

Mr. KNOWLES: That would partly explain it. While that is being looked up, I am quite prepared to accept the minister's explanation as to the difficulty of dividing peace and war expenditures so far as auditing is concerned. But having regard to the total amount of money being spent, $363,000 to audit an expenditure of $700,000,000 apart from the war, and a total of $653,600 for auditing a total expenditure of $4,300,000,000, including both civil and war, without regard to any line of demarcation between them, my concern was whether or not we were spending enough on auditing for our own protection.

Mr. ILSLEY: The figures relating to the comptroller of the treasury are $2,819,520 for non-war work and $9,105,355 for war work, so that there we are voting a great deal more for war than for non-war activities. I realize it can be argued that the comptroller of the treasury is not the auditor general, that the auditor general is an officer of this parliament and that the comptroller of the treasury is an officer of the Department of Finance. But the comptroller of the treasury is certainly most active in checking the regularity of and authority for all expenditures.

Mr. KNOWLES: Which one of these officers checks the expenditures of the various crown corporations?

Mr. ILSLEY: The auditor general.

Mr. MacNICOL: I think the explanation is very simple. The difference in the gross amounts might be made up through the tremendous expenditure on certain of the items.

Mr. ILSLEY: The size of the items, yes.

Mr. MacNICOL: It is not hard to understand that.

Mr. KNOWLES: From my experience on the war expenditures committee there are many projects that are brand new—the rubber plant at Sarnia, for instance; there is nothing to compare it with. It has to be pioneered right from the start, and there is a pioneering job of auditing to be done in connection with a project of that kind.

Item agreed to.

Controller of the treasury, $9,105,355.

Item agreed to.

Old age pensions and pensions to the blind, $6,942,250.

Mr. GREEN: This vote of $6,942,250 is a war vote described as being for old age pensions and pensions for the blind; in the course of my remarks I propose to deal with the old age pension, although most of these remarks will also apply in the case of the blind pension. The war vote is for approximately $7,000,000, and in addition there is a vote in the ordinary estimates for $31,569,780, of which $43,280 is for departmental administration, and the remainder, $31,526,500, is for old age pension and the blind pension. I take it that the reason why we have a war vote this year for the first time under this head is order in council P.C. 6367, passed on August 10, 1943, entitled "order in council authorizing making of agreements with provinces governing old age pensions." That order in council, as the minister explained on July 24 of last year, provides for the possibility of an increase of $5 a month in the case of a single pension, namely, an increase from $20 to $25, of which of course the dominion would pay three-quarters and the province would pay the remaining quarter. The first paragraph of the order in council reads as follows, and, I think, is very significant:

> Whereas the Minister of Finance reports—
> 1. That under wartime conditions—

And I emphasize those words.

> —It has become desirable and necessary to provide additional assistance to old age pensioners and blind pensioners.

As recently as May 29 the minister announced further changes. He described them in the house on that day, and his explanation will be found at page 3304 of *Hansard*. There are several changes; for example, in the case of a single pensioner the allowable income from sources other than the old age pension is now restored to $125 a year, it having been cut to $65 by the order in council passed last August.

Mr. ILSLEY: It was cut only by leaving the statutory rule where it was.

Mr. GREEN: But the effect was that the single old age pensioner could earn or receive only $65 over and above his old age pension. There are certain other changes which are beneficial, but they do not go very far. One of them has to do with restrictions on residence in the case of an applicant for old age pension who has spent part of his life out of the dominion. As I understand it, the change is that now, if, for example, an applicant has been out of Canada for five years of the last twenty, he can get a pension by waiting a year, the original provision of course being that an applicant must have been in Canada for 5,844 days out of the twenty years preceding his application for pension. So that there is some easing there, although it does not cover the need. I have a case where a woman now eighty-seven years of age was born in Canada and has lived here seventy-eight years of her life, but it so happens that she was out of Canada eight years in the last twenty. Under the law as it stood before these changes were made, she would have had to wait sixteen years from the day she returned to Canada. Now she will have to wait four years. In other words, she will be ninety-one before she can qualify for pension. I think that when the change was made it would have been better to provide that if a person had lived in Canada for twenty years of his life, or since he became forty or even thirty-five years of age, he would be qualified. That, I think, would have been much fairer.

There are several other changes—one with regard to an applicant moving from one province to another; another with regard to applicants who have been out of the country on ships or fishing; also a provision with regard to collecting from the estate upon the death of a pensioner. I think those changes are beneficial. But the minister in explaining them went a little further than just saying what they were. He also made a statement on policy, which will be found on page 3305 of *Hansard,* in these words:

> These changes represent the result of a very careful examination of the steps which the dominion would recommend to make the present legislation meet the immediate practical problems without radical revision of the whole scheme.

He went on to discuss contributory old age pensions, which I submit constitute an entirely different problem from the problem of non-contributory pensions which we have at the present time. He said that a scheme of contributory pensions could be introduced only after there had been discussions between the dominion and the provinces. I think he was right in that statement. But it is obvious that there will be no provision for contributory old age pensions during the present session. It is also obvious that there will be considerable delay before a scheme of contributory old age pensions can be instituted, and that even though it were, it would not help the present recipients of old age pensions or those Canadians of, say, over sixty years of age at the present time. Probably they would have no time left in which to contribute to the scheme, and no funds with which to contribute; they, I think, must be covered by a non-contributory scheme; I do not see that they are going to be helped very much by a contributory scheme. So that I suggest to the minister and to the committee that there are two separate problems, contributory pensions and non-contributory pensions, and that our particular job at the present time is to deal with the latter.

I think there are two serious defects in the government policy with regard to non-contributory old age pensions. The first is that the government, as announced by the minister the other day, is against any radical revision of the present scheme. The government is making wartime changes only. I read from the order in council of last August in which the minister set out that it was to meet the wartime conditions, and that is true of the changes which have been made this week, again by order in council rather than by amendment to the old age pension legislation; they are all based on a wartime need, the wartime position.

Then what changes are made are made only after there has been much pressure from members and even from a committee of the house; last year we had a report from the special committee on social security; it appears in *Votes and Proceedings* of July 23, 1943. Hon. members will find in paragraph 5 of the report of that committee the following recommendation:

> That the government review the existing regulations governing old age pensions, pensions for the blind, and war veterans' allowance, and consider the advisability of adjusting the eligibility age to a lower level and of increasing the amount of pension.

Pressure has also been brought to bear by the press and the people in many parts of Canada, as well as by most of the provincial governments. So that the second defect in the present government policy is that the government is declining to take the lead in settling this old age pension problem.

I am convinced that the government is wrong in each case, and very seriously wrong. After all that our Canadian people have gone through in the war, and with the Atlantic charter as drawn up by those two great leaders,

Mr. Churchill and President Roosevelt, emphasizing freedom from fear and freedom from want for all the peoples of the world, I think we have developed in Canada a new standard of values. We are placing far greater value on men and women and far less value on money and material things than we did before the war. We are emphasizing the human angle in our whole course of life. There is a new spirit abroad in this country as there is in all the other countries of the united nations, and I suggest that this parliament should recognize that fact and act accordingly. And right here, in the old age pension scheme, is a good place to make a start. It is a good place for us to put into action this new and better spirit that is abroad in the land. I am convinced that there is a very widespread and firmly held opinion in Canada that these older Canadians, these senior citizens, are not being cared for adequately, that they are being treated harshly. Quite a few of them come into my office when I am at home in Vancouver, during the short time the house is not sitting, and when they find that they are not eligible, because of some particular regulation or restriction in the act, they feel that they are being treated cruelly, and I must say that in many cases I get the same impression myself. The restrictions are much too severe.

I believe that the policy is not right. I propose to mention several features of the old age pension situation in Canada to-day which I think should be remedied. First of all the amount of the payment. As I said in the opening of my remarks, that amount is $20 under the act, and an additional $5 provided by order in council of last fall, making a total of $25 in the case of a single person. Then some of the provinces are paying an additional amount by way of cost-of-living bonus; at least that is so in British Columbia; they describe it as a cost-of-living bonus. I believe Alberta and British Columbia are each paying an additional $5, making a total of $30 for single persons. Other provinces pay smaller amounts, but there are great difficulties in this arrangement. For example, in British Columbia it is paid only to those who get a pension there or where there is an agreement with another province; an Albertan moving into British Columbia can get a cost-of-living bonus because of the agreement between the two provinces; and it is payable only so long as the pensioner continues to reside in British Columbia. I suggest that the payment of this additional $5 should be on a national basis; it should be dominion-wide. The single old age pensioner should get at least $1 a day, which means a little over $30 a month. That should be the very minimum in all parts of Canada.

Then the allowable income over and above the old age pension is now a maximum of $125 a year. Provision should be made that a pensioner could with his earnings bring the total income up to at least $50 a month. Anything he earned over and above the pension would be earned by his own efforts, and he should be encouraged to make as much as possible in the way of earnings.

Again, pensioners should be allowed their home without any value in the way of income being placed upon it. There is a very arbitrary way of setting income value on real property. I have here the regulations under the act, and as the minister knows, regulation 17 (a) (2) reads:

> For the purpose of determining the income of any applicant the pension authority shall take into account all sources of income including—

And then comes (2):

> —real property at the rate of not less than 5 per centum of the assessed value or market value thereof (whichever be considered the more equitable standard) exclusive of encumbrances—

And mind you, there may be absolutely no income from this real property.

> —or, in the discretion of the pension authority, the net income from real property if the net income exceeds five per centum of the assessed value or market value thereof (whichever be considered the more equitable standard) exclusive of encumbrances.

I suggest that actual income alone should be counted in deciding whether or not the pensioner is getting the allowable income.

Then the age for qualification should be reduced. The minister said in his statement on May 29 that several of the provinces had asked that it be reduced, and he went on to say that if all or substantially all asked he would give consideration to making provision for the reduction. I suggest that the dominion should take the lead and not wait for the provinces. There was a report tabled last year known as the Marsh report on social security for Canada. Members are, or they ought to be, familiar with that report. Doctor Marsh deals with old age pensions, and I quote from page 73 with reference to the age of eligibility:

> Review of the forty or more systems of old age assistance, contributory and non-contributory, effective in the world to-day clearly shows that the generally accepted view as to the proper age when consideration should be given to retirement from work and provision of security is 65 for men and 60 for women.

That is the finding of the government's own appointee.

Further the act and the regulations should be humanized. I have already given some instances of where that could be done. These are the days of social security. The Canadian people want real social security. May I give an example of that. This year the British Columbia legislature passed unanimously a resolution dealing with old age pensions, which reads as follows:

Whereas this house notes with satisfaction that the government of the Dominion of Canada has seen fit to increase allowances made under the Old Age Pensions Act:

And whereas these increases have been made under the War Measures Act, thereby limiting these increases to the period of the duration of the war;

And whereas the allowances are still less than this house considers adequate:

And whereas the government of the Dominion of Canada did not increase the amount of income the pension applicant may have before becoming ineligible for pension:

And whereas the government of the Dominion of Canada did not decrease the age at which persons shall become eligible for pension:

Therefore be it resolved, that this house petition the government of the Dominion of Canada urging that the Old Age Pensions Act be amended to provide that the maximum pension be raised to $365 per annum and that the maximum income be raised to $500 per annum and that the age at which persons become eligible for pension be reduced to sixty-five years for men and sixty years for women.

And be it further resolved, that this house petition the government of the Dominion of Canada, urging that the Old Age Pensions Act and its regulations be so amended that property used by pensioner as his home and contributions reasonably expected from children, donations, and benevolences be not treated as income.

I think that resolution of the British Columbia legislature is typical of the feeling of the people in most parts of Canada. They are not the only ones who think the regulations should be humanized. I would again refer hon. members to Doctor Marsh's report at page 70. He points out that in Great Britain a far larger percentage of the people over seventy years of age are able to qualify for government assistance than in Canada. Four-fifths of all the people over seventy in Great Britain are able to qualify, whereas in Canada he says it is unlikely that more than fifty to sixty-five per cent of the people over seventy are able to qualify for assistance of any kind, including old age pensions or relief or any other kind of assistance. He goes on to say:

While it would be tempting to assume that this is an indication of the greater comfort of the aged in Canada, and their greater ability to provide for themselves with savings or through their families, independent of the state, such an assumption is hardly sufficient to reconcile the entire difference. When one turns to examination—

[Mr. Green.]

These are very significant words in a young country like Canada which prides herself on being up-and-coming and wealthy.

—of the old age pensions administration in Canadian provinces, one finds a major portion of the answer to this discrepancy between British figures and our own; an answer which is a good deal more realistic and less to the credit of the Canadian people as a whole. Examination, for example, would reveal written into the act itself, and especially into the regulations—but most of all practised in the administration—a rigid system of eligibility requirements set on a very low level, which makes it difficult for many aged persons, genuinely in need of some form of assistance on a permanent continuing basis, to qualify for allowances. These provisions include:

1. Citizenship;

2. Residence restrictions, both dominion and provincial;

3. Means testing in terms of the applicant's personal income, personal property qualifications, and even the assumption of income from property where in fact such income does not exist.

I referred to that in dealing with real property. The report continues:

4. The principle, zealously adhered to in certain provinces, of the responsibility of the children, to the point of assuming that income is actually forthcoming from children for the support of the applicant, even in cases where it is not;

5. Scaling-down of allowances below the amount permitted by the statute, on the grounds that the pensioner does not require even that amount of pension which is found to be the arithmetical maximum payable after the exhaustion of all statutory, regulatory and administrative means-test procedures.

Therefore I say that the act and the regulations should be humanized. I then come to the question of citizenship. We listened in the house a few weeks ago to statements of several hon. members to the effect that certain old people who came here from other lands had never been naturalized, so that they now find themselves unable to qualify for pension. They also find themselves unable to become naturalized because they cannot speak either English or French. That is a situation which should be remedied. I do not believe that the remedy should be by changing the naturalization provisions, but I suggest to the minister that consideration be given to using the test of domicile as defined in our Immigration Act for deciding whether or not a person is entitled to old age pension. I believe that should be decided on their Canadian citizenship under the same provisions or similar provisions to those found in the Immigration Act. The definition is found in section 2, paragraph (e) of the Immigration Act, and is as follows:

(e) "domicile" means the place in which a person has his home, or in which he resides, or to which he returns as his place of permanent

abode, and does not mean the place where he resides for a mere special or temporary purpose;

(i) Canadian domicile can only be acquired, for the purposes of this act, by a person having his domicile for at least five years in Canada after having been landed therein within the meaning of this act.

If a person has become domiciled in Canada under provisions such as those contained in the Immigration Act then the twenty years could run from that time or they could be used as a basis rather than the present basis which, I believe, is British citizenship. The individual must be a British subject.

There are other respects in which the act and the regulations could be improved; I have pointed out just a few. But I repeat that a radical revision of the whole scheme is needed now, not after the war. At that time the suggestion will be made that we postpone it until we settle post-war problems. This is something that should be done now without delay. The dominion must take the lead in bringing about a revision of the scheme and changes should be on a statutory basis and not by order in council under the War Measures Act.

I suggest that old age pensions should be administered not by the Department of Finance—with all due respect to the minister and his own department; I think it is not their job to deal with old age pensions—but by the new department of social welfare. About all the responsibility the dominion government takes at the present time—and this is taken, of course, through the Department of Finance—is to pay three-quarters of the cost and to check the accounts. Doctor Marsh deals with that situation in his report. He objected strenuously to the act and the regulations being administered in the provinces by the workmen's compensation boards, and by the way, I understand that at the present time only one or two of the provinces are so administering old age pensions; most provinces have set up a separate old age pension authority.

In his report Doctor Marsh used these words at page 71:

> The tendency in workmen's compensation administration is to assess eligibility on relatively hard and fast lines and then to apply the eligibility schedule strictly. Scaled to different earnings levels and to a variety of accident cases, this is less apt to produce harsh results. Scaled to what is supposed to be a minimum and to a need which is relatively equal for all cases, it can only produce inequities. Unfortunately, federal supervision reinforces these tendencies, through the fact that the old age pensions authority on the federal level is located in the Department of Finance. The supervision of provincial administrations consists almost exclusively of audit and financial control, the result being a restrictive influence on provincial administrations which is easily reflected in a repressive attitude towards the applicant.

The speech from the throne pointed out that we were to have a department of social welfare, the work of which was described as follows:

> A department of social welfare to organize and to assist in administering activities of the federal government in the fields of health and social insurance.

Then, in the resolution on the order paper at the present time with regard to the setting up of this department of social welfare we find that one of its duties is set out in this way:

> . . . to assume the management and control of and to consolidate in such department matters relating to the social security and welfare of the people of Canada.

So that I suggest to the committee that old age pensions should come under this new department of social welfare. In that department should be experts trained in social welfare problems, the idea being that in that way we shall be able to get something like uniformity right across the country and also that the act and the regulations will be administered in a far more humane and up to date way than they are at the present time.

While I blame the minister, because I believe his policy is a wrong one, yet I realize the difficulties he faces in respect of old age pensions; but I would point out to him, with all the sincerity I can muster, that the Canadian people are very much in earnest over this question of old age pensions, and that now is the time to act.

Mr. MacNICOL: So much has been said about old age pensions in the many years I have been here that I believe very little can be added to what has been said so well by others. May I add only a few words to what was said by the hon. member for Vancouver South, when he urged so strongly that it is the government's duty to do something now, and to prepare something of a uniform nature. That suggestion I strongly endorse. I do not know where we are going to go in respect of old age pensions payments, and the regulation of ages, unless something is done at once. To do that I would recommend that the federal government in agreement with the provinces take over the whole business. Let this government take it over entirely. I see no reason why it cannot be done in that way—with provincial agreement of the financial consideration, of course. If that is not done, however, there will be chaos from one end of the country to the other.

I remember that during the last election campaign in Ontario one candidate said that

if returned to power he would see that the old age pensions regulations were amended so that they would grant $50 a month at fifty years of age. Another man could have said, just as easily, "If I am elected I will see that the old age pensioner gets $60 a month at forty years of age." Under present circumstances there can be no uniformity, and it will become a question of who is the biggest demagogue.

Mr. ILSLEY: The age will go down and the pension will go up.

Mr. MacNICOL: Yes, unless the federal government takes over the whole business and arranges something uniform which would apply in every province in exactly the same way. There is no telling where the present method will end.

I thought that on March 13 the hon. member for Winnipeg North Centre delivered a very able speech, and one which had required a good deal of thought and care. What he said was well considered, and I must compliment him upon his ability to line up figures one after another. He pointed out—and I am not questioning it—that in no two of the ten authorities in Canada, the nine provinces and the Northwest Territories, are the old age pensions the same. Those figures appear in his speech as reported at page 1407 of *Hansard*. That being so, there is no uniformity. Therefore I agree with the hon. member for Vancouver South when he says that now is the time to do something, and I strongly recommend and suggest that the federal government take over the whole thing. It could easily arrange with the provinces as to where the money is to come from. At the present time it puts up seventy-five per cent. Then, in one province after another we find an addition of five per cent, or this or that, and the result is that to-day we have no uniformity.

Therefore, to avoid demagogic bidding in general elections, or in provincial elections, to avoid competition between this and that party, to avoid bidding for votes by promising the impossible—because some of these promises are impossible—the federal government should take over the whole thing and make regulations which would be uniformly applicable to all provinces.

Mr. ILSLEY: Does the hon. member think that would eliminate the bidding?

Mr. MacNICOL: It would reduce the bidding from nine bidders, nine provinces, to one bid among the parties in the federal field.

Mr. ILSLEY: Instead of nine small auctions there would be one big auction, you think?

[Mr. MacNicol.]

An hon. MEMBER: And the stakes might be even greater.

Mr. MacNICOL: They are having the same trouble in the United States. It is much more difficult over there to adopt a uniform procedure. They are having difficulty in each and every state, because the various parties in those states are bidding so as to get the pensionable vote. They are offering lower age limits and increased pension payments. Pensions in the United States range from $20 to $50 a month. California pays $50 and Alaska pays $45 a month. In many of the states the age at which the pensioner begins to participate is lower than it is in other states.

I like to see uniformity in these things. For the life of me I cannot see how we are going to get along, either here or in the United States, by following the procedure we have to-day. I find that eight American states pay $40 a month; one pays $36, and the remainder pay somewhere between $20 and $30.

The platforms of the various parties in respect of old age pensions are not far apart, as they have been enunciated in the past few years. I remember that when I first came here in 1930 certain resolutions were presented, chiefly by hon. members who were then associated with labour, I believe. The then hon. member for Winnipeg North, the then hon. member for Winnipeg North Centre, and later the hon. member for Vancouver East moved resolutions along those lines. Those resolutions were not far apart. At that time I strongly supported the principle of reducing the age limit for old age pensions.

I have had a long association with the working men in the industries with which I have been connected, and I know that with sicknesses and lay-offs and the large families with which God always blesses them—and God uses good judgment in doing so—most of them find it impossible from their earnings to lay up anything for their old age. That is why I have supported the principle of old age pensions, even before I came to this house. A resolution moved by the hon. member for Vancouver East reads:

> Therefore be it resolved, that in the opinion of this house, the government should consider the advisability of reducing from seventy years to sixty-five years the age at which the Old Age Pensions Act becomes operative and of increasing the monthly pension at least fifty per cent.

As I recollect, I supported that resolution, although I do not remember whether it came to a vote. That showed that in 1937 the hon. member for Vancouver East advocated that the age limit should be sixty-five years and that the pension should be $30 a month. I

have advocated that on many occasions. In 1939 the then hon. member for Winnipeg North, Mr. Heaps, moved a resolution, which read:

Whereas it is becoming more and more difficult for older persons to be absorbed into the useful productive life of the dominion, therefore being unable to maintain themselves in decency and comfort;

And whereas Canada is a country richly endowed with natural resources capable of maintaining our whole population in a reasonably high standard of living;

Therefore be it resolved, that this house would welcome a government declaration of policy that would bring about an immediate lowering of the present pensionable age limit of seventy years, the effect of such being that the older generation would retire from industrial activity, thereby creating opportunities for the younger generation to be usefully and gainfully employed.

I presume that resolution meant to lower the age limit to perhaps sixty-five years. While it does not mention that the pension should be increased, I have no doubt that at that time the former hon. member advocated it. He was always most sincere in his efforts for the good of the working man. In making this reference to the former member for Winnipeg North, I am not saying anything against the present member for Winnipeg North.

Mr. KNOWLES: Perhaps you are mixing up Winnipeg North and Winnipeg North Centre.

Mr. MacNICOL: I am referring to Mr. Heaps, whatever riding he represented. He was always an ardent advocate of benefits for the working man. What is the situation as far as the Progressive Conservatives are concerned? I take them first because I am a member of that party. At their convention in Winnipeg in 1942 they advocated the payment of an increased old age pension at a reduced age. The present pension is $20 a month, and while I do not know what the framers of that resolution had in mind, I know I have advocated for many years that $1 a day should be given to old age pensioners, which would be approximately $30 a month, and that the age limit should be reduced to sixty-five years. While I cannot interpret just what the party meant at Winnipeg, I am interpreting it to suit myself.

Mr. WEIR: That would be an auction as well.

Mr. MacNICOL: I stand where I have always stood, namely, that the age limit should not be more than sixty-five years and the amount paid should be not less than $1 a day, or approximately $30 a month. I have found that in Great Britain, Australia, New Zealand and many states of the United States the pension is paid to women at the age of sixty years. I am in accord with that. Women have a double burden to bear and perhaps they are entitled to an old age pension at an earlier year than the men.

What about the Liberal programme? At the 1942 convention they passed a resolution that the age limit should be reduced. The present limit is seventy years and I presume that they meant to reduce it to sixty-five years although they do not say so. If we assume that they meant sixty-five years, that would bring them on the same platform as I am on. They say in the resolution that the amount of pension should be raised. It is now $20 a month, so that I would interpret the resolution as meaning that they intended to increase the pension to $30 a month or $1 a day. That would place the national Liberal federation or association or perhaps the party on approximately the same footing as myself on that subject.

The Liberal convention of 1942 advocated the dropping of liens. Perhaps there should be some limitation here. It has been advocated that houses valued at $2,000 or $2,500 should be exempt from liens. I believe any humble home should be exempt from a lien, but some of the expensive homes should not be exempt. I would presume that the exemption of a $2,000 or a $2,500 home would have the approval of the Liberal association, although they do not state any amount.

Mr. WEIR: What would happen to the house worth $2,500 upon the death of the pensioner?

Mr. MacNICOL: If he had a family, it would go to the family. I presume that is what the Liberal federation had in mind in 1942 when they passed the resolution that there should be no lien. My hon. friend was there.

Mr. GRAYDON: He has not a family.

An hon. MEMBER: Give him time.

Mr. MacNICOL: In 1944 the Social Credit party sent out a letter which stated that they advocated the reduction of the age limit to sixty years and an increase in the pension to $50. That was a pretty strong bid for votes, raising the pension to $50.

Mr BLACKMORE: That was not a bid for votes; that was simply a statement of the bare minimum to which an old age pensioner in Canada is entitled. Anything less than that is an insult.

Mr. MacNICOL: I notice that the same feeling is quite strong throughout Alberta because I have seen several resolutions from that province, advocating a reduction of the age limit to sixty years and an increase in the pension to $50. The Social Credit programme does not say anything about liens on homes.

In 1942 the Cooperative Commonwealth Federation advocated that the age limit be reduced to sixty years and that the amount of pension be raised to $40 a month. They also advocated that liens against houses should be dropped. I do not remember whether their programme placed a limit of $2,000 or $2,500 on the homes that should be exempt. There was something else that amused me greatly. In the letter of the C.C.F. which sets out their programme in connection with old age pensions and which is signed by the hon. member for Rosetown-Biggar (Mr. Coldwell), it is stated that in 1927 former members of the labour party, which I presume would refer to the former member for Winnipeg North and perhaps the former member for Winnipeg North Centre, held the balance of power in this house. That is a far-fetched statement.

Mr. ROSS (Souris): What did they do about old age pensions while they had the power?

Mr. MacNICOL: In the parliament elected in 1926 there were 116 Liberals, ninety-one Conservatives, thirteen Progressives, nine Liberal Progressives, three Labour, two of them from Manitoba, and one Independent; so that if the two Labour members who later became Cooperative Commonwealth supporters held the balance of power—well, I cannot figure that out on these statistics.

Mr. McGEER: To complete the record, would it not be well to recall that the act passed in 1926 was vetoed by the senate, and that the act which went into force was passed in 1927 when the Liberals had a clear majority in the house?

Mr. MacNICOL: Thank you for the interjection, but I have no comment to make on it at the moment.

Just a word or two further. As I understand it—I may be wrong but this is my understanding—a Canadian who moves to Great Britain and resides there for twelve years becomes eligible for the old age pension there when he reaches the age of sixty-five. But in Canada to become eligible for the old age pension a man or woman must reside here continuously for twenty years. In my riding we have a number of people who have come there from Newfoundland. They are a fine type of citizen, thrifty, hard-working; there are no better citizens anywhere. A few years ago, when there was a great demand here for labour and when conditions in the fishing industry in Newfoundland were bad because of certain European conditions, quite a number of Newfoundlanders moved to Canada. They came here in good faith. Now they find themselves handicapped by this residence qualification, requiring twenty years residence in Canada before they can become eligible for the pension. It means that they may have to reach the age of eighty, eighty-five or ninety years before they will become eligible for the pension here. That is not fair to our brothers from Newfoundland. I can see that unless we make a reciprocal arrangement with Great Britain with respect to the citizens of Great Britain who leave the homeland prior to being eligible for a pension there and come to Canada, we shall not have that immigration from the old country which we certainly desire very ardently—I do in any event—because if they have to live here for twenty years before they become eligible for the pension they will not leave the fine social conditions they have in the old country. So that I suggest to the government that they consider making a reciprocal arrangement with Great Britain whereby a British citizen from the old land will not lose his entitlement to the old age pension at pensionable age by coming to Canada. I think we should also make a similar reciprocal arrangement with Newfoundland, so that we shall treat Newfoundlanders coming to Canada just as if they were Canadians. We want them to be Canadians. But with the present twenty years' residence requirement before they can obtain the old age pension we are penalizing them for coming here to live with us.

Mr. KNOWLES: Mr. Chairman, it would seem from what has been said back and forth across the floor of this chamber thus far that this debate may break into two general phases. I am going to devote my remarks to those two phases. On the one hand, possible changes were discussed, amendments to the existing old age pension legislation. On the other hand, there was the larger question of a much wider application of the old age pension and a much more generous old age pension set-up.

When references are made to lowering the age limit and to a higher amount of pension we get these various comments, that it is only so much bidding for votes and that kind of thing, which suggests to my mind that some hon. members do not yet realize that the basic philosophy underlying the payment of old age pensions has taken root in the minds of the Canadian people. They no longer think of old

age pensions as something that should be given on the basis of a means test or as a form of charity. They no longer think of it as something that political parties propose to hand out as a means of trying to get into power. They think rather of this basic fact, that when people through their working years have contributed to the wealth of the country, it is a matter of right that in their later years they should enjoy, not just a pittance to keep them alive, but a proper share of the total wealth which the country is then able to produce, largely because of what they have done to help build up that greater productive capacity.

I make this earnest appeal, that hon. members refrain from sneering—I offer this word hopefully—at the suggestions that are made along these lines. The hon. member for Vancouver South has referred to the way in which the principles of the Atlantic charter and of the four freedoms and broader ideas with respect to social security have become a part of our thinking, so that the approach of the Canadian people to this whole subject is greatly different from what it was twenty or twenty-five years ago. I hope that we can have a reflection of that change of attitude toward the subject of old age pensions in the debate in this house to-day and in our whole approach to this subject in the months and years that lie ahead.

I am going to speak for only a few minutes with respect to this whole question of a larger pension at a lower age, and then I intend to turn to the other side of the subject. One reason why I do not need to say a great deal on this phase is that I have already spoken on this matter a number of times, and in particular I put on the record not only my own views but the position of our party in definite form when I spoke on the matter in this house on March 13 of this year, on the occasion to which the hon. member for Davenport has already referred most generously.

At that time I pointed out that we in this group feel that steps should be taken immediately to lower the pensionable age to sixty and to increase the amount of the pension to $40 a month. I must correct myself and say that when I made that suggestion on behalf of the party, I said "at least" $40 a month. There were certain other suggestions contained in my speech of March 13, and I do not need to repeat them. We are glad to note that other parties in general are agreeing with us, that we must approach this whole subject in the light of what we feel to be the basic philosophy about old age pensions, so that we can look forward to an early day when Canadians in their older years—not their declining years but years that should be still full of much enjoyment and pleasure—shall have around them the security of knowing that they are going to share in the wealth which the country is able to produce at that time because of what they have done through their working years to help build up that productive capacity.

I may take one more moment to say this, that the reason why I put that in—"at least" $40 a month—is not to protect myself against some higher bidder, as the hon. member for Macdonald might say, but because we do not know, I might say from year to year, but certainly from decade to decade, what the productive capacity of this dominion can be. The Minister of Finance has expressed a number of times his amazement at the achievement of this country in terms of production of wealth during the course of this present war, and we are all amazed at what we have been able to do. We feel that the rate of old age pensions should be related to the total productive capacity of the country and that as that productive capacity goes up the rate of pensions should go up. That is the reason why we put that phrase "at least" in there, and I think there is nothing unusual about it; I think every speaker and every party would take the same position, whatever amount they have set for the moment.

May I turn from that bit of generalization regarding the whole question of old age pensions, to the matters immediately before us which relate to this $5 that the vote we are discussing is supposed to cover, and the recent announcements made by the Minister of Finance and the orders in council tabled the other day. We were all grateful for the announcement which came at long last on May 29 that the ceiling on other income had been restored to $125 a year by putting the ceiling on the total income of an old age pensioner up to the figure of $425 a year. I hope that it will not seem like going back on one's expression of gratitude to take a moment or two to condemn the government for having taken so long to do this, but I think the government should be reprimanded for not putting the ceiling up there on August 10 last year when that $5 increase was made. When the minister on July 24 last year announced the $5 increase he indicated that the ceiling on a pensioner's total income would stay where it was; and that night I for one, possibly others, discussed the matter with him across the floor of the chamber and appealed to him to reconsider that point before the order in council was brought down. I know that when he came to Manitoba last July and August during the course of the election campaign we were conducting out there I made a public appeal to

him on that one point and that one point alone, and we were quite disappointed, since there was time, that the government did not make that slight adjustment. Since then, provincial governments and old age pensioners' societies and bodies of citizens and members of parliament and newspapers all over the country have been, if I may use the phrase, putting the pressure on, and at long last the announcement has come through.

Mr. ILSLEY: We did not have the agreement of the provinces last July. The pressure did not come from anything like all the provinces. We took up with the provinces the question of whether they would agree. Raising the ceiling means bringing in a substantial number of new pensioners, and is a matter of vital concern to the provinces under our present system, and it cannot properly be done without agreement with the provinces.

Mr. KNOWLES: Yes, but when the announcement of the proposed $5 increase was first made, on the 24th of July, and when the order in council P.C. 6367 was made on the 10th of August last year, no agreements had been drawn.

Mr. ILSLEY: No, but we had agreement from the provinces covering what we did at that time, and we did not move until we had that agreement with the provinces—all the provinces. But we did not have the agreement on the other point.

Mr. KNOWLES: Is the minister telling me that the provinces up to that point had not agreed to raising the ceiling?

Mr. ILSLEY: They had not agreed.

Mr. KNOWLES: Well, at least we are getting the blame spread around a bit, if that is the case. My understanding from such provincial people as I have talked with was that they right along—

Mr. MITCHELL: What provincial people did my hon. friend have contact with?

Mr. KNOWLES: Members of legislative assemblies of various provinces.

Mr. ILSLEY: The province of Manitoba wanted it from the beginning. I will say that about Manitoba.

Mr. KNOWLES: May I ask the minister again then, was this matter given discussion prior to the 10th of August? Was it given thorough consideration? Was the government blocked from doing it by the unwillingness of the provincial governments to deal with it?

Mr. ILSLEY: No, it was not discussed. It was not taken up with them. We were taking up a different point entirely, namely, the question of the $5, without any reference to the other matter. The $365 ceiling was in the act, and it would be assumed, I think, would stay there, when provinces simply requested an increase in the amount of pension from $20 up to $25, which they did between 1941 and the summer of 1943, and we went as far as we had any general basis of provincial consent, in July or August of 1943. I am not saying that the other point was discussed. That was discussed afterwards, and the agreement of the last province was obtained on the 31st of March, 1944. I will say that perhaps this government should have proceeded a little more rapidly after March 31, 1944, but we have had a great deal to do and the order in council takes effect from April 1, 1944.

Mr. KNOWLES: I do not want to spend a great deal of time over a matter which has been taken care of, but when the proposal was made last summer it was a proposal for a $5 increase.

Mr. ILSLEY: That is right.

Mr. KNOWLES: It seems to me that involved in making that proposal was the whole question of the conditions which would permit that $5 increase or in some cases prevent its being paid, and the government already had the experience of a number of provinces—four or five, at any rate—which had added their own supplementary amounts to the former $20.

Mr. ILSLEY: Yes.

Mr. KNOWLES: There were Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, and possibly Nova Scotia—I will not be too sure about that. At any rate there was a number, and in all cases where these provinces added their own supplementary amount they asked that it should be possible to pay it outside of the then existing ceiling. The government by order in council from time to time amended the regulations, adding in each one of the provinces to permit it to pay this former supplementary amount outside of the ceiling. So that when, for example, British Columbia added $5 to the $20 that the federal government then provided, everyone in British Columbia got that additional $5. My point is that, on that basis of doing things, means for providing for an extra amount to be received in full by every pensioner was a matter that had already been discussed. There had been a great deal of correspondence between the provincial governments and the minister. I had a return tabled about that kind of thing. All I am trying to say about this argument is that this subject was very much to the fore. I am amazed when the minister tells me now that prior to July 24 last he took up with the

provinces the proposal to add $5 to the pension but did not discuss whether or not every old age pensioner in the province would get it.

Mr. ILSLEY: It is not quite right to say that I took up that proposal with the provinces. The request came from the provinces to make the then existing pensioners eligible for as much as $5 additional; but when it comes to raising the roof in the act, it would not only do that, but bring in a lot more pensioners who are not getting anything at all now, and that is clearly a new matter with which we did not have authority, on the basis of general provincial consent, to deal, and which we had to take up with the provinces later.

Mr. KNOWLES: The minister and I both think we are right, so that I will not argue that part of the matter farther.

Mr. MITCHELL: The minister is right. That is the difference.

Mr. KNOWLES: Oh, no. I am considerate enough not to take up further time in discussing that point, but I will say, in connection with the remark the minister has just made about raising the roof—perhaps we had better stick to "raising the ceiling"; we are not raising the roof yet—that to raise the ceiling brings in a larger number of people and that involves additional expenditure.

Mr. ILSLEY: And additional administrative difficulties, which are a matter of vital concern to the provinces. So long as this is on the present basis of primary provincial responsibility, the provinces must in decency be consulted about these things before we do them.

Mr. KNOWLES: I am not admitting what the minister says as to the place where the responsibility lies. I want to avoid getting into that argument at present. I will say, however, with regard to the additional $5 that if the minister could not have provided for everyone to get it by raising the roof, as he says, and thereby bringing in a great many other people—and I do not agree that they should not have been brought in—at least he could have provided for $5 additional to be received by every pensioner in the same way that he had provided for the individual provinces to give their $5 supplementary amounts to every pensioner. He provided by successive amendments to the regulations, bringing in one province at a time, while they were paying supplementary amounts, that these amounts could be paid outside the ceiling. You do not bring new people into the pension fund because the basic regulations still stand; but so far as people already under the pension scheme are concerned, they were permitted to get an extra $5 from British Columbia or Alberta, or $1.25 from Manitoba, outside the ceiling.

Mr. ILSLEY: My hon. friend will find that there is something inequitable about that, in just adding to the pensions of the existing pensioners. If he works it out he will find that there is.

Mr. KNOWLES: It was done in that day and it is being done to-day.

Mr. ILSLEY: By the provinces.

Mr. KNOWLES: With the new maximum payable under the act as amended, British Columbia is still paying, according to *Hansard* at page 2071, in answer to certain questions I asked, an additional $5 a month to each pensioner, and Alberta is paying $5 a month to each pensioner plus an amount up to $5 a year where income is less than $365 a year. In other words, British Columbia pays $60 a year and Alberta $65. Saskatchewan and Manitoba are paying an amount up to $1.25 a month to certain pensioners under certain circumstances. I will not try to explain the circumstances under which they get $1.25 in Manitoba. The matter is quite complicated and we will let it go at that. Ontario pays an amount of fifteen per cent of the amount of pension payable under the Old Age Pension Act prior to the passing of order in council P.C. 6367. Nova Scotia pays certain amounts as well.

This simply emphasizes what the hon. member for Davenport has said in regard to this discrepancy in the amounts paid in the various provinces, which has been the case for a good many years, ever since the provincial governments in some parts of the country began to agitate for an increased amount. In other words, it emphasizes the need for an overall federal plan of old age pensions which will establish some kind of uniformity throughout the country. So much for the question of ceiling. We are glad that at long last it has been raised and that it will provide for many pensioners who previously did not get the $5 increase and who will now get it. Some got only part of it and will now get the full amount, and it will bring in some people who were not getting any pension at all. It will give them some small amount and it will increase the pension rolls throughout the country. Every little step like that is all to the good.

The other day when the minister announced these changes and tabled the orders in council he gave me a little more hope, listening to him in the house, than perhaps I was justified in taking, because when I look over the orders in council, while it is good to have these

changes, I feel with the hon. member for Vancouver South that something more might have been done even at this stage of the game. Order in council P.C. 3377 just makes the necessary changes to raise the ceiling to the amount the minister indicated. The differences as between the conditions as they apply to old age and blind are taken into account. The other one, P.C. 3376, is the one that makes some reference to the 16-year residence qualification. That was the one that was the greatest disappointment to me. From what the minister said I had hoped, though to read his language he seems to be correct—

Mr. MacNICOL: What was the 16-year qualification?

Mr. KNOWLES: If I understand it correctly, the change is to make the original intention of the act quite clear. The intention was that the pensioner should be deemed to have lived in Canada for the past twenty years if he had lived here sixteen years of the last twenty. The change by this order in council adds to that, "or since attaining the age of fifty years". That means now that a person who does not apply for his pension until he is seventy-five must have lived here sixteen years since he was fifty. Is that correct? I think that is the effect of it. The total amount of sixteen years he must get in before applying for his pension is now not just during the last 20-year period, but since the age of 50.

Mr. MacNICOL: When did that become effective?

Mr. KNOWLES: That is what the minister tabled this week. It was effective April 1. I think the suggestions made by the hon. member for Vancouver South should be given attention in connection with the whole question of residence in the country. A number of the amendments in the order in council are simply amendments consequent upon other changes that have been made. The one with regard to two years' residence in the province in which the pensioner applies is good in the sense that an old age pensioner is no longer forced to go back to the province from which he came. But these changes are quite incidental to the more basic question of residence, bearing in mind many cases of people who went home to England for a few short years between the ages of fifty and seventy and who have been denied their pensions, also people who spent a while in the United States.

Mr. MacNICOL: And during this war.

Mr. KNOWLES: There are a number of difficulties that are very discriminatory which the authorities should try to work out. From what the minister said the other day I was hoping that these orders in council would deal with them. Apparently there is still left something further to do.

On Monday of this week the minister referred to the slight change that had been made with regard to the filing of liens against homes of pensioners or the recovering of money from those liens. He advised the house that the provinces were being told that this would now be up to them. That is quite correct. Unless it was done on some other occasion, that advice was given in answer to a question which I put on the order paper. My question was on the order paper from February 10 to March 23; it was answered on the latter day and the reply indicated that up until that time there had been confusion, but that the government had now decided to straighten out the matter by advising the provinces that it was entirely up to them. My only complaint about it is that it is still left uncertain. It is definite so far as the federal government is concerned. They do not require it. But it is still left to the provinces to do it or not as they see fit. It seems to me that this is a place where the federal government might have changed the basic regulations so as to do away with it altogether.

Just on that point I should like to say this to the hon. member for Macdonald, who interrupted the hon. member for Davenport earlier when he asked what would happen to an old age pensioner's home after he died. I think the hon. member for Davenport answered the question all right, but I would point out to the hon. member for Macdonald, as I am sure he knows, that a great many people who are really eligible for pension and who should get it are deterred from applying for it by the knowledge that a lien will be applied to their homes. I know that I have said to many persons in Manitoba, where the government we have was headed formerly by a certain gentleman who established a reputation of not cashing in very often on those liens, that they did not need to worry about it because the government in Manitoba did not very often collect on the liens. However, there is always the possibility in the mind of the old person that his home may be taken after he is gone and that deters that old person from applying for the old age pension and getting it as his right. It seems to me that the solution is to do away altogether with the filing of liens up to some specific amount, say $2,000 or $2,500. While we are talking about liens against homes I should like to ask the minister a question.

Mr. MacNICOL: The hon. member means that there should be no lien against property in which there is an investment up to $2,500?

Mr. KNOWLES: There should be no lien filed against a home under that value or against the first $2,500 of the home, no matter how valuable it may be.

I do not know whether the minister has a copy of the Old Age Pension Act in front of him but possibly he can secure one. My question is with respect to section 9, paragraph 2 on page 5. I want to compare that with section 17 (a), paragraph (ii) of the regulations on page 13. The section on page 5 reads as follows:

> Where a pensioner is the owner of an interest in a dwelling house in which he resides and the pension authority accepts a transfer to it of such interest, the pension payable to the pensioner shall not be subject to any reduction in respect of the annual value of such interest, but the pension authority shall, on the death of the pensioner . . . .

The remainder of the section deals with the collecting of the money. It seems to me that that language is clear. If the pensioner is the owner of an interest in a dwelling house in which he resides there is to be no reduction of his pension in lieu of the value of the home.

Mr. ILSLEY: If the pension authority accepts transfer to it.

Mr. KNOWLES: Yes. As I read that, where the pensioner owns his house and lives in it and accepts a lien on it for the purpose of getting a pension there is to be no reduction in the amount of his pension. The point I am trying to make is that according to this section the only thing that is supposed to happen to a pensioner who owns the home in which he lives is that there is a lien filed against it, but there should be no reduction in the amount of the pension that he receives. But according to regulation 17 (a), (ii), which was included in the regulations made pursuant to the act. it has been decreed that for the purpose of determining the income of any applicant for pension the pension authority shall take into account all sources of income, including:

> . . . real property at the rate of not less than five per centum of the assessed value or market value thereof.

There is no reference in this clause at which I am now looking to except the home in which the pensioner lives. It seems to me from the reference I read on page 5 that when a pensioner owns his home and lives in it, only one thing should happen to it even under the full effect of the act, namely, that there should be a lien against it. But under the regulations as they appear on page 13, what happens to such pensioner is two things: he has a lien filed against his property and the amount of his pension is—and I know this happens because of my knowledge of many cases in Manitoba at any rate—reduced if five per cent of the value of the home in which he lives is an amount which brings him under the effect of the ceiling. It strikes me that either there is an inconsistency between the two references—

The ACTING CHAIRMAN (Mr. Golding): Order. It being six o'clock I now leave the Chair.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. KNOWLES: Mr. Chairman, I shall conclude as quickly as I can. There is a good deal more I certainly should like to say, but I realize that the time at my disposal is almost exhausted.

When the committee rose at six o'clock I was discussing section 9(2) of the act, and was asking the minister to compare it with section 17(a) (ii) of the regulations. I pointed out that the section in the act is quite explicit. Where a pensioner owns a dwelling, resides in it, and gives a transfer of his interest therein to the pension authority, there is supposed to be no reduction in the amount of his pension. I pointed out, on the other hand, that the regulation referred to, passed by order in council, in my view sets aside the spirit of section 9(2). No doubt the minister will deal with that point later. But since my time is just about exhausted I would turn for a few moments to something else.

I hold in my hand a letter which I should like to place on the record. I do not do this in any argumentative fashion at all, but do it merely because the matter was referred to this afternoon. It is only fair that the record should be complete. If there are other members who have anything they wish to say in the matter, they are of course free to do so, but I am sure this letter will set out clearly the activities of Mr. Woodsworth and Mr. Heaps, so far as old age pensions in 1926 are concerned. Hon. members will note that this letter is framed. Because this matter was felt to be of such significance, our organization had the letter framed and, normally, it hangs in our C.C.F. national office on Sparks

street. I procured it at supper time for the purpose of reading it to-night. It is as follows:

Prime Minister's Office
Canada
Ottawa, January 28, 1926.

J. S. Woodsworth, Esq., M.P.,
House of Commons,
Ottawa.

Dear Mr. Woodsworth:

Replying to the letter received from Mr. Heaps and yourself, dated January 7, in which you ask whether it is the intention of the government to introduce at this session legislation with regard to (a) provision for the unemployed, and (b) old age pensions, I would refer you, respecting provision for the unemployed, to the answer given in the House of Commons to-day by the Honourable Ernest Lapointe on behalf of the government in reply to a question by yourself, and which indicated the government's intention of carrying out with respect to emergency relief the practice adopted in cooperation with provinces and municipalities in the years immediately following the war. In answer to a question from Mr. Neill, Mr. Lapointe further intimated that it was the intention of the government to introduce at this session legislation with respect to old age pensions.

You will observe that the statement made by Mr. Lapointe was in accordance with the intimation which I gave to Mr. Heaps and yourself at the time of our interview, following the receipt of the communication herein referred to.

With respect to amendments to (a) the Immigration Act, (b) the Naturalization Act, and (c) the criminal code, which were referred to at the time of our interview, I would say that having since taken up the proposed amendments with the ministers concerned, I feel I am in a position to assure you that legislation on these matters will also be introduced in the course of the present session.

Yours sincerely,

In the Prime Minister's handwriting is the signature "W. L. Mackenzie King"'. I point out for the record the fact that the letter establishes that immediately after January 7, which was the opening day of the parliamentary session for that year, there was an interview between Mr. Woodsworth, Mr. Heaps and the Prime Minister, that they discussed the subjects mentioned in this letter, and that the Prime Minister intimated to them that old age pension legislation would be introduced at that session.

Mr. GRAYDON: What date was that?

Mr. KNOWLES: January 28, 1926, is the date of the Prime Minister's letter. It was in reply to a letter Mr. Woodsworth and Mr. Heaps had sent on January 7 of that year. Reference is made to an interview between those two dates.

Mr. GOLDING: Are you going to table that?

[Mr. Knowles.]

Mr. KNOWLES: It goes back to the C.C.F. national office.

Mr. JOHNSTON (Bow River): It seems to me that every year this question of old age pensions is brought up and discussed by a number of members. On only one or two occasions have I heard, either in this chamber or in committees, anyone objecting to increasing old age pensions. I cannot say it is unanimous, but I can say that almost all agree that old age pensions should be increased, because there are only very, very few—not more than one or two, I should imagine—who are opposed to such increase.

I say that because I am sure that if to-day the minister were to bring in legislation to increase pensions for the aged, and to lower the age at which pensions might be received, or to widen, within reasonable limits, the scope of those eligible to receive them, he would receive the support of almost every member of the house. There would be no difficulty whatsoever. Therefore I am amazed that the minister neglects to do so, because this is a most serious question, especially for those who are concerned.

It should not be considered that we give old age pensions as charity; rather they should be given as of right. And when we think of pensions in that way we must also realize that these old people are deserving. Back through the ages, since Canada's inception, it was they who built up the country. Surely anyone who came here in the old days, who established a homestead, cultivated the soil, and cut down the trees to build up a great section of an empire, should not be denied a decent standard of living.

If it is a question of finance, of course that is a different matter, and one which we should be discussing. I venture to say, however, that the Minister of Finance would not offer that as a reason. Surely we have reached the time, after having spent so many billions of dollars for war, when there can be no further question about raising money to increase old age pensions, especially to that level where it is possible for the pensioners to keep body and soul together.

Some may say that the pensioners are getting along all right now. I heard one or two hon. members say that, but it is not so. On the amount of pension the old age pensioners are getting to-day—$20 a month, until the other $5 was added, making a present total of $25—what standard of living can they have? I venture to say the minister himself could not get along very far on $25 a month. If he had to maintain a home, or a room, buy his clothes and feed himself on $25 a

month he would become very thin; I am sure of that. When we talk of applying the means test—

Mr. MITCHELL: That is cheap.

Mr. JOHNSTON (Bow River): There is nothing cheap about it at all. Do you mean to say it is cheaper for the Minister of Finance to live on $25 a month than it would be for an old age pensioner?

Mr. MITCHELL: That was not the expression.

Mr. JOHNSTON (Bow River): It might be a good thing for you and me to try it.

Mr. MITCHELL: That is not what you said.

Mr. JOHNSTON (Bow River): It is exactly what I said.

The CHAIRMAN: Hon. members who are discussing old age pensions should keep to the subject under discussion.

Mr. JOHNSTON (Bow River): Absolutely. That is exactly what I am doing.

An hon. MEMBER: And no more personal remarks.

Mr. JOHNSTON (Bow River): I do not think anyone on the other side is entitled to tell me what I should say and what I should not say.

An hon. MEMBER: Keep your advice to yourself.

Mr. JOHNSTON (Bow River): Keep your advice to yourself and you will be doing all right. I did not intend any remarks I made as being personal, and I do not think the minister took them as such—I hope not. What I wished to impress upon members of the committee, and particularly upon the minister, is that the $25 which pensioners are now receiving is not sufficient. There should be no question nowadays, when we are raising such tremendous sums for war purposes—and that is necessary—of raising a little more to make the lives of these old people a little more pleasant. It must be remembered that not only have they made this country a great part of the empire, but they have also protected it. In a great many cases these old people have sons who served in the last war or in this war. When one considers that they have assumed their share of the responsibilities of protecting this country, that should be sufficient grounds for increasing the amount of the old age pension.

I remember last year when I was on the social security committee this question came up. The session was just about to conclude, and we had to rush through the last few days in order to get our recommendations with regard to old age pensions to the house before it closed. We had to hold extra sittings to do that. There were two main recommendations brought in by the social security committee. One was that there should be an increase in the amount of the old age pension. The government took action and the amount was increased from $240 to $300. I have not checked up the figures exactly, but I think that increase came after the recommendation of the committee. However, I am not sure about that. The reason why the committee did not set the amount is obvious. Most of us thought the government would be more generous than they were and would allow more than a mere increase of $5 a month. Personally I do not think a $5 increase was sufficient; I do not consider a pension of $25 sufficient.

The hon. member for Davenport referred to the resolution which was passed in the Alberta legislature recommending a pension of $50 a month to be paid at the age of sixty years. There was a suggestion that that was done for political purposes, but I would remind him that Alberta is one of the provinces which have taken the lead in increasing old age pensions and trying to make living conditions of the older people a little better. That has been its attitude since 1935 when it was first elected. It did not wait to have this matter brought up as political propaganda. I would not even suggest that the minister brought down the orders in council referring to old age pensions for political purposes, although the Saskatchewan election may not be very far off. I know that was not the purpose at all in regard to Alberta. That would be too small a thing to do, to trifle with the incomes of these older people for such purposes as that.

Another aspect of this matter which was referred to in the statement made by the minister is the contributory scheme of old age pension. I want to say at once that I am against a contributory form of old age pension; I think it should be non-contributory. It should be given to these people as a right, not as a charity. As is suggested, they have given their lives to this country and when you have done that you cannot do more. I think it is wrong to talk about contributory old age pensions. There are many angles that could be discussed in regard to contributory or non-contributory old age pensions, but no doubt that subject will come up in the social security committee when we finish dealing with the health insurance bill. In view of the legislative programme before us and the rate of progress we have made lately, it is not likely that we shall get through with these matters this session. I have no great hope that the

question of old age pensions will be settled this summer, and that is why I am somewhat concerned. When the minister brought down these orders in council he should have brought them down in a form which would have provided better conditions for these older people.

There are some things in the orders that are worth while, but it must be remembered that the pension is not increased. All that has been done is to increase the amount of income which a pensioner may have from outside sources over and above his allowable pension, and this has been increased to the extent of $60 a year or $5 a month. That does not represent a very substantial increase. It works out to about eighteen per cent, the increase in the cost of living index. I think everyone in the committee will agree that the cost of living has increased more than eighteen per cent. The index is based only on the necessities of life; the general standard of living has increased much more than that. This small increase of $60 a year or $5 a month provided by the order in council will not pay the increased cost of living which these older people have been compelled to pay since the war started. I think the change in the resident qualifications is worth while; that is the sixteen years requirement between the ages of fifty and seventy years. I think it was suggested this afternoon by the hon. member for Winnipeg North Centre that there should be some change in the period from fifty to seventy years.

The clause in the order in council providing for movement from one province to another is a good one, as is the clause which provides for service on ships or in the fishing industry. I am not going to discuss this matter at great length to-night since I have spoken on it before and I assume it will come up in the social security committee. However, I am very much disappointed that the order in council did not provide for a greater increase. I suppose the minister had in mind that later on there would be other legislation brought down, probably after the report of the social security committee was presented, which would in effect raise the actual amount given to old age pensioners. I am sure we would all agree with that.

Mr. McGEER: Mr. Chairman, I do not wish to review the details of the old age pension system in Canada because they are fairly well known to all members of the committee, but I should like to bring to the attention of the committee a phase of the old age pension system which I think is a peculiar and unique development of the present war. Without referring to it in detail, may I say that one of the warnings given to parliament and to the government by the governor of the Bank of Canada deals with a phase of our post-war adjustment that must be known to every member of this House of Commons who is conversant with the revolutionary development that has taken place in the last four years in Canada's power to produce.

One of the great problems that we are going to face—and it is not peculiar to the factory but applies just as well to the farm—will be to find the means to absorb and consume the enormous quantity of consumer goods that we can produce with comparative ease, and with the employment of a smaller proportion of wagearners than would have been required to produce the same volume of goods before the war. I believe that we should recognize our old age pension system as a potent factor—not by any means the whole solution—by which we can increase consumption and at the same time relieve the pressure of competition among the wagearners producing consumer goods. To some people that may seem a mug's game, as we heard in the banking and commerce committee the other day.

Mr. HANSON (York-Sunbury): What does that mean?

Mr. McGEER: If you ever gave any money away and awakened one day to the fact that you were not going to get it back, you would be playing what some people would call a mug's game.

Mr. HANSON (York-Sunbury): I never heard the expression before.

Mr. McGEER: It is a very old English expression. It is the adoption of that kind of economy where you cast your bread upon the waters without any hope of its ever returning.

Mr. HANSON (York-Sunbury): I have often done that.

Mr. McGEER: But I am not speaking about any mug's game. I am speaking about a sound, practical innovation in the economic life of the Dominion of Canada. Of course I thoroughly disagree with the continuance of the old age pension administration in the Department of Finance. The Minister of Finance cannot serve two masters. In the very nature of things he wants to keep his expenditures as low as possible; he wants to keep his burden of taxation as light as possible; and when he is called upon to face those responsibilities, who is apt to suffer if he is at one and the same time the representative of the taxpayer and the representative of the old age pensioner? We want a man representing the old age pensioners in Canada

who will fight with the Minister of Finance for more for the old age pensioners—and I cannot see the Minister of Finance fighting with himself for the old age pensioner.

Mr. HANSON (York-Sunbury): This is a rebellion, Mr. Chairman.

Mr. McGEER: That is one of the privileges we have in the Liberal party.

Mr. HANSON (York-Sunbury): You will find out if you go far enough. They do not tolerate rebellion over there.

Mr. McGEER: They have stood me for a long time and I have not changed much in the seven years I have been here.

Mr. ROSS (Souris): But the times are getting rough.

Mr. McGEER: What I am advocating is a change in attitude, and I believe that in the change in attitude that should come with regard to old age pensions will be found something of the fundamental principle that we must employ if we are actually going to win the peace and establish expanding progress and expanding security with growing prosperity. Will anybody in this house or in the Department of Finance or elsewhere say that we in Canada cannot provide our old age pensioners with all the food they need? Is there anybody who can say that we are unable to provide them with all the clothing they need? Is there anybody who will say that we cannot provide them with a house fittingly comfortable for an aged Canadian? We have all these things in abundance. Is there anybody who will say that a man who has come to the age of retirement is not entitled to a radio and some of the comforts of this earth as well as the bare necessities of life?

Mr. BLACKMORE: A picture show, for instance, once in a while?

Mr. McGEER: Yes, and he should not have to borrow money at 9¾ per cent for medical services either. If it is true, then, that we have an abundance of the things that are necessary to sustain life, upon what principle will the men of this parliament support a Department of Finance that demands for our old age pensioners in Canada life on the basis of pauperism? That day must come to an end.

Mr. BLACKMORE: And now is a good time.

Mr. McGEER: The day when we place human values and human considerations above money will be the day when we shall have the peace that our men are fighting and dying for to-night. The whole attitude of finance to the old age pensioners discloses the wholly false attitude of the financial institutions in our whole economy. I know it was very popular a few years ago for men to declare that the granting of any form of old age pension would destroy the character of the individual, would destroy thrift, would break down the morale of our people. Let me refer the committee to one man's attitude with regard to that. I should like to place on the record a few remarks made by the present Prime Minister of Great Britain, in a speech made by Winston Churchill when he was the flaming crusader of Liberalism in Dundee in 1908. He said:

> We are told that our non-contributory scheme of old age pensions, for instance, will be fatal to thrift, and we are warned that the great mass of the working classes will be discouraged thereby from making any effective provision for their old age. But what effective provision have they made against old age in the past? If terror be an incentive to thrift, surely the penalties of the system which we have abandoned ought to have stimulated thrift as much as anything could have been stimulated in this world. The mass of the labouring poor have known that unless they made provision for their old age betimes, they would perish miserably in the workhouse. Yet they have made no provision; and when I am told that the institution of old age pensions will prevent the working classes from making provision for their old age, I say that cannot be, for they have never been able to make such provision. And I believe our scheme, so far from preventing thrift, will encourage it to an extent never before known. It is a great mistake to suppose that thrift is caused only by fear. It springs from hope as well as from fear, and where there is no hope be sure there will be no thrift.

Those men who in their own strength can go and take care of themselves, who believe in the ruthless philosophy of "root hog or die" and never had a bit of compassion in their souls, could have taken a lesson long ago in the Canadian parliament from the words of Winston Churchill, uttered in 1908. And when he became chancellor of the British exchequer in 1925 he rationalized and improved the old age pension system to a great degree.

The man who believes that the old age pensioner is a liability to the state and the taxpayer is unsound in his economic philosophy. If you give to the old age pensioners of Canada means of living upon a decent standard whom do they employ? They employ the farmer who produces the food, who has had surpluses in the past and, when the war markets go, will have surpluses again. Yes, our fruit will be rotting on the field and all the things which the farmer produces will be begging for consumers within a very short period of time after this war is over. Are we then going to stand forth and say that in the midst of this abundance there shall be starvation and misery again? Let us change

our hearts and look upon this principle, not through the eyes of the money-changer and the money-lender, but through the eyes of common sense, guided by the plainest and simplest of humanitarian motives, and we shall be ashamed to stand up and admit to the condition of the old age pensioner imposed by a federal law.

Now, Churchill recognized that, and in 1909 he made another speech, when he had this to say:

> But there is another issue which must not be overlooked. I mean the social issue. We have taken a great step already. I must say that he is a rather sour kind of man who can find nothing to notice in the old age pensions act except its little flaws and petty defects. I think you will feel on the other hand, that the establishment of the pensions system is a marvellous and impressive example of the power which British governments possess. Without a hitch, perfectly smoothly, punctual to the minute, regular as clockwork, nearly six hundred thousand aged persons are being paid their pensions every week. That is a wonderful and beneficent achievement, a good job well worth some risk and sweat to finish. Nearly eight millions of money are being sent circulating through unusual channels, long frozen by poverty, circulating in the homes of the poor, flowing through the little shops which cater to their needs, cementing again family unions which harsh fate was tearing asunder, uniting the wife to the husband, and the parent to the children. No; in spite of socialistic sneer and Tory jeer and glorious beer, and all the rest of it, I say it is a noble and inspiring event, for which this parliament will be justly honoured by generations unborn.

Look at the England of to-day; look at what she has stood to, and ask yourself if the inauguration of the old age pension system and its steady improvement have ever undermined the character, the thrift or the courage of the English-speaking race. It has been a help and a power in building a stronger and a better nation.

I appeal to the minister to play true to the principles of Liberalism that were declared in 1926 and again in 1927. It is true that the first Old Age Pensions Act was passed in 1926. It is true that there were a great many people all across the Dominion of Canada advocating the establishment of the old age pension system. It is true that some correspondence passed between certain members in the independent ranks and the Prime Minister. And this fact remains: the bill which was passed in 1926 was vetoed in the senate.

Mr. KNOWLES: The C.C.F. was not there.

Mr. McGEER: An election was held; a Liberal government with a clear majority was returned to parliament, and one of its first acts was—

Mr. HANSON (York-Sunbury): The Liberals did not have a majority in 1926. They had 116 seats; and there was a bargain made between the Prime Minister and Mr. Woodsworth—

Some hon. MEMBERS: No.

Mr. HANSON (York-Sunbury): —and the record is on *Hansard*.

Mr. SLAGHT: Why did you oppose it?

Mr. HANSON (York-Sunbury): I did not oppose it. We supported old age pensions. The hon. member for Parry Sound may laugh. He was not here and does not know the history of the deal. We did not oppose it. Hon. members over here supported it.

Mr. McGEER: The hon. member for York-Sunbury is entirely wrong.

Mr. HANSON (York-Sunbury): I am not wrong.

Mr. McGEER: I said that in 1926 when the first bill was passed, there were letters passed between independent members and the Prime Minister. I then said that an election was held.

Mr. NEILL: In 1926.

Mr. McGEER: In 1926. The present Prime Minister (Mr. Mackenzie King), in the assembly of 1926, was defeated on the floor of the house, went to the country as leader of the opposition, and was returned with a clear majority in the house.

Mr. HANSON (York-Sunbury): No.

Mr. MacNICOL: The hon. member is entirely wrong. He came back with 116 seats.

Mr. KNOWLES: It is stated right here in the Parliamentary Guide as 116 seats.

Mr. HANSON (York-Sunbury): The hon. member for Vancouver-Burrard was not here.

Mr. ROSS (Souris): His party had to start dealing.

Mr. KNOWLES: Look at page 353 of this year's Parliamentary Guide.

Mr. McGEER: In any event it was not in that election and it was not in 1927 that the letters passed; the letters passed in 1926 before the election.

Mr. KNOWLES: That is when they got it started. The Prime Minister did not dare go back on it after that.

Mr. McGEER: In 1927 the government, with a clear majority which it held until 1930, passed the act as a Liberal measure, without support from anybody.

Mr. HANSON (York-Sunbury): They had the majority as the result of a bargain. They

had 116 Liberal seats; the Parliamentary Guide shows it. The memory of the hon. member is bad and his history is worse.

Mr. McGEER: All right; the record is there. I have not got it but I will get it.

Mr. HANSON (York-Sunbury): Well, get it.

The CHAIRMAN: Order. If I ask hon. members to keep order it is not for the sake of the chairman; it is for the sake of the reporter, and for a certain amount of decorum. I would ask hon. members to primarily address the Chair.

Mr. McGEER: What I want to bring particularly to the attention of the minister is the Liberal policy on old age pensions as declared by the Prime Minister in 1931. He laid down these principles for the guidance of Liberalism, and I have never known our leader to change his attitude in that regard:

> The Liberal administration fought for many years for an old age pensions act, and care I think was taken to make it clear that an amendment to the British North America Act would be required before this federal government would have power to administer an old age pension scheme. It was recognized that an amendment to the British North America Act would take some time, and for that reason the government of the day adopted the method of agreeing to give those grants in aid to the provinces on condition that they would carry out a scheme framed by the federal government which would be similar in all the provinces.
>
> An hon. Member: A vicious principle.
>
> Mr. Mackenzie King: The principle, from a financial point of view, was unsound. I am quite prepared to concede that. But I will go a step further and say that, in my opinion, this parliament ought to remedy the unsoundness of the principle, not by discontinuing to vote money for old age pensions, but by assuming the entire obligation, one hundred per cent. This government should take over the whole scheme and itself pay out the money. That is the position that should be taken; that is the proper way to remedy what there is of unsoundness in the principle. . . .
>
> Obviously the principle is thoroughly sound. I have always taken that position and have fought strenuously for it; and to get that principle recognized by parliament, I was prepared to go so far as to support a grant in aid, which I am perfectly frank to admit was, from the point of view of financing, an unsound method. Now I say, let us recognize that the principle of old age pensions itself is perfectly sound and involves an obligation which the federal parliament should assume. Let us undertake to administer the Old Age Pensions Act from Ottawa and have all the moneys which are necessary for the payment of those pensions voted by this parliament.

Here we have a declaration of principle by the present Prime Minister; we have his government in power; and for some reason there are forces within this government that refuse to follow the declared principles of our leader and refuse to recognize the stand that we as Liberals have taken all down history, of giving to our old age pensioners something that every Canadian can be proud of.

I plead with the Minister of Finance—and this may be the last session of this parliament before the reconstruction period arrives: Let us leave upon the records a national old age pension system which will treat our old age people in Canada, in need, as economic units of consuming value. Let us treat them as people who are retiring from the competition of employment, and let us out of that great richness which we own in Canada put to the practical test the kind of thing we talk so much about and rarely put into practice.

Mr. HANSON (York-Sunbury): That is good.

Mr. McGEER: Yes; it is good.

Mr. HANSON (York-Sunbury): It is quite true, too.

Mr. McGEER: One of the sad things about our whole economy is that we who are secure, we who have been gifted with the intelligence and the strength and in some instances the good fortune to establish ourselves in sheltered positions of security, have too little thought for those less fortunate than ourselves. When in that other place the old age pension was vetoed I often thought it strange as coming from such an assembly, secure with a salary for life, comfortably ensconced, with transportation provided, that they should look upon the aged of the land as entitled to get but a mere $20 a month after reaching the age of seventy, when all good Christians are supposed to be dead, while in that place, in all its security, that proposal was vetoed, depriving the Canadian in need, over seventy years of age, of a mere pittance of $20 a month. And on what grounds? On the very grounds which our present Minister of Finance offered in the last session of this parliament. It would cost too much. It should be contributory. It would destroy the thrift and character of the Canadian people. And yet, mark you, the people of this country are not going to forget that we were rich enough to lend to Britain $700,000,000 and to produce and give to this war effort a billion dollars worth of goods, over our own goods and services, and that we stood in this house and defended our chartered banking system putting away in reserves, hidden and otherwise, tens and tens of millions of dollars. Yes, we found in that banking system men pensioned at the age of sixty-five; and if we Liberals think we can find endorsement from the electors of Canada, after giving evidence of being the richest people in the world, when we cannot do better for our old age pensioners than we are doing, then I think

we shall find that not only the old age pensioners but a great army of men and women who are awakening to this injustice will let us know that they do not approve our attitude.

I say this as a warning. While I realize that the Liberal party has some defects, I can see no hope over there, and less in the far corner opposite.

Mr. GILLIS: That is where you are wrong. The only people who have the courage of their convictions are right over here.

Mr. McGEER: That is the trouble; they have too much courage. I have seen what happens to people right within your own party, because they do not agree with you—and I know the fate of Mr. Trotsky. I know that if I ever had to contend with that kind of thing and your group came into power I would be one of those fellows who would talk as freely then as I talk now, and I do not know what the end of me would be. I am worried about that. I am afraid I would hit a salt mine or a concentration camp.

Mr. GILLIS: We will do the things you are talking about.

Mr. McGEER: I have a great deal of sympathy for my hon. friends in that regard and I think the majority of men in the Liberal party would do it; and if we had you fellows over here on our side, and a lot of the Tories in the Liberal party out of this party, we would all be able to do it together.

Mr. KNOWLES: Do you not have the majority rule in the Liberal party?

Mr. ADAMSON: What about Tim Buck?

Mr. McGEER: There are some of us—and we do not mind saying so now—who have that feeling, and we expect the Liberal party to be true to Liberalism.

An hon. MEMBER: Whatever that is.

Mr. McGEER: If it is, it will not be trailing behind other countries in the matter of old age pensions and social services; it will be leading them.

Mr. HANSON (York-Sunbury): Vain hope.

Mr. McGEER: One of the charges made against the countries of the British empire is that we possess too much of this world's wealth and use it too little, and there is no part of the British empire where that charge can be made with greater justification than right here in Canada. One of the reasons why we have failed to give our people the abundance that we are capable of producing is that we have been afraid to put buying power into their hands. Now we are to be told, I suppose, that if we gave the old age pensioners a decent standard of living, that would cause inflation.

Mr. BLACKMORE: I guess so.

Mr. McGEER: Well, that nonsense will not go with the people of Canada any longer. We were told that kind of nonsense back in the days of the depression, in the days of 1936, 1937, 1938, and 1939. The Canadian people will not accept from any government the declaration that we cannot find the money to give our old age pensioners a decent standard of living after the record we have established in finding the billions we have found to carry on a successful war effort, and not out of taxation, not out of borrowing, but out of the printing of Bank of Canada bills, and the creation of new money by allowing our bankers to use pen and ink to write up their own bank deposits. I had hoped after the last session of parliament that there would be some changes in this system, but I wish to say that it is with sincere and deep regret I find our Department of Finance just as much against the old age pensioner to-day as they were when after a long struggle and on the eve of the Ontario election we were able to wrest from the Department of Finance a meagre $5 a month increase with no increase in the total amount for the year.

Mr. FRASER (Peterborough West): They are putting it off now until the eve of the next election.

Mr. McGEER: Those orders in council that have been read and this statement that has been made passing the buck to the provincial governments will not be accepted by the Canadian people either. There is, in addition to that, the indifference to the old age pensioner. It is said that if we provide contributory old age pensions on a decent standard and pensions for those who have never had an opportunity to contribute as voluntary old age pensioners a lot of insurance companies believe that it will cut down the number of insurance policies that will be held by the Canadian people. One of the real obstacles—and the Canadian people have to come to know this—is the organized power of resistance to the establishment of the right kind of social services, the right kind of old age pensions. Why do not we amend our Unemployment Insurance Act and provide in that act that when a man has paid in to it for a certain length of time he will be allowed to retire and move out of competition in the production of consumer goods? All industrial activities that have pen-

sion schemes do that. Our banks do it. Why do not we or the government do it? Where is the resistance?

I hope that before this parliament prorogues some steps will be taken to place the old age pensioners of Canada on a much higher plane of living than they are now placed and that the age limit will be reduced from seventy to sixty-five for men and from seventy to sixty for women. I ask consideration for this not merely upon humanitarian grounds but also upon the sound basis that it is one place where we can safely put consumer buying into circulation without fear of inflation and as a means of creating employment for those who have to find employment producing consumer goods and services for others.

Mr. NEILL: I am sorry that I cannot rise to the heights of histrionic ability shown by the last speaker in discussing this matter; I also regret that I have been otherwise engaged and have not my notes on this subject as coherent as they should be; but I wish to touch on two or three points where at least I shall have the advantage of knowing thoroughly the subjects on which I wish to talk, having been actually present on the occasion. I shall also try to treat it in a practical and realistic way.

I have a suggestion to make to the Minister of Finance which I think, if it had been suggested earlier and acted upon, would have saved a great deal of the time of this house which I think we are all trying to do.

Why does he not—it is not too late yet because heaven knows how much longer this debate is going to take—send this subject to the committee appointed for many years past to deal specifically with such matters? This committee is called the industrial and international relations committee. I have been on it ever since I have been here. It has not sat for the last seven years. I am not sure whether it is seven or four years. There are two committees, one of which has not sat for seven years and the other for four. The industrial and international relations committee is set up specially to deal with such subjects. The matter of old age pensions was brought up in that committee long before I was here; in 1912 or 1914, I forget which. It reached the usual report of a partisan committee but it served to start the subject. If I remember rightly it was brought up again in 1919, also when I was not here. They made a little more progress; they showed a little more zeal, so to speak, and the matter was again stalled by bringing in a vague report with the government doing nothing on it. Then I came into the house in 1921 and I began in 1922, which was the first session, to agitate for this matter. We had a committee which discussed it for two years running. At the first year's committee we discussed the question at great length; I think we put in a report to the effect that we discovered or realized that according to the British North America Act it was a provincial responsibility, and that we could only proceed along the lines of helping out, but could not attempt to run things without a change in the act, and we suggested that the provinces should be invited to express their intention as to how far they would go and what assistance they would require. We obtained that information during the recess, and again in the next year, which I think was 1924, we brought in a definite recommendation that the government should bring in an old age pension act. It simmered along and nothing was done. An election was held in 1925. I might take a minute here to explain the difference between the last speaker, the hon. member for Vancouver-Burrard, and the hon. member for York-Sunbury. As often happens when two men are flatly contradicting each other, there is a certain amount of truth on both sides, but misunderstanding.

What happened was this: an election was held in the fall of 1925. The hon. member for York-Sunbury said that the Liberals came back with ninety-one members.

Mr. HANSON (York-Sunbury): A hundred and one.

Mr. NEILL: No man can deny me this, because I have the red book Parliamentary Guide before me. I am talking about the election of 1925, not 1926. Here it is in the Canadian Parliamentary Guide. In the election of 1925 the Liberals came back with a total of 101.

Mr. HANSON (York-Sunbury): Quite right.

Mr. NEILL: The hon. member for York-Sunbury is right. That was not a majority, but the Liberals had a slight majority because there was always a certain number of people who did not want an election and so on. The government went along for a few months. Then, as the hon. member for York-Sunbury said, they made a deal, a quite proper deal, with two or three members to give them support for one term, I think it was, on condition that an old age pension measure be brought down. The Prime Minister of the day adhered to his agreement; we adhered to ours and the bill was brought down.

Mr. HANSON (York-Sunbury): They put the gun to his head.

Mr. NEILL: Not at all. We did not use those gross methods. The hon. member for York-Sunbury may be familiar with those methods but not the enlightened people of Comox-Alberni.

I might step aside for a moment and take up a point which I think is not properly understood. The hon. member for Davenport went far afield this afternoon into back history and everything else but he got his dates mixed and his party mixed up.

Mr. MacNICOL: You are away off yourself. My facts and figures were correct.

Mr. NEILL: The hon. gentleman is entitled to maintain that, of course. I am maintaining that he was away off. I did not hear every word that he said. Some of his figures were no doubt correct, but he was wrong in the general statement that he made. This is what took place. If the hon. member—I do not say this in any ill will to him; I am a great admirer of his—will look up *Hansard* of July 24, 1943, he will find that I put the whole thing on *Hansard*. He has only to read it to get the correct information. No one contradicted it. The very man I was contradicting was here and had nothing to say about it. I pointed out that the C.C.F party were going through the country and would continue to do so for years, taking the whole credit to their party for having passed the old age pension bill or, if they had not passed it, had been the means of having it passed.

They were not in existence until seven years after it was passed. They had nothing whatever to do with it, because the C.C.F. party did not come into being until 1932 or 1933, and did not run as such until 1935; and the Old Age Pensions Act was passed in 1926, nine years before. Would anyone like to contradict that?

Mr. MacNICOL: May I interrupt the hon. member? I did not say the C.C.F.; I said the representatives of the so-called labour party.

Mr. NEILL: Now the C.C.F., he said.

Mr. MacNICOL: Mr. Heaps was in the C.C.F. later.

Mr. NEILL: He was talking about the ancestors of the C.C.F., and was giving credit to the C.C.F., or—

Mr. MacNICOL: I told the truth about it.

Mr. NEILL: Quite, exactly; how pleased the C.C.F. will be to see that to-morrow. They will be glad to hear from the lips of an old Conservative that it was their party, or its predecessor in office, which put through this great reform.

Mr. MacNICOL: No, no.

Mr. NEILL: As a matter of fact it did not happen that way.

Mr. MacNICOL: May I correct the hon. member; I know he wishes to be right. What I said was that the former member for Winnipeg North and the former member for Winnipeg North Centre moved resolutions—along with the hon. member for Vancouver East—to reduce the age limit in connection with old age pensions, and to increase the amount of them.

Mr. NEILL: Ah, yes; and the hon. member, when he said that, did not say, as he should have said in all fairness, that those resolutions were perfectly well known to be utterly out of order, and were introduced only for the sake of cheap political notoriety, and in order that they could say, "We advocated it." And if the government of the day had offered them $40 they would have raised the ante to $50, and if the government had said $60 they would have said $100.

Mr. HANSON (York-Sunbury): Mr. Chairman, the man is right. The man is absolutely right.

Mr. NEILL: Which man?

Mr. HANSON (York-Sunbury): You. They were just shadow-boxing.

Mr. NEILL: I stand in the glory of a halo I have long hoped to wear, the approval of the hon. member for York-Sunbury.

Mr. MacNICOL: I do not wish to stand in the halo of that glory. What I said was correct, and I stand by it anywhere and everywhere.

Mr. NEILL: The trouble is that the hon. member's halo is pinching him; that is what hurts him. I hope, by the way, that I am getting time out for this.

Now, getting down to the election—

Mr. HANSON (York-Sunbury): The hon. member—

Mr. NEILL: Am I to be allowed to speak, Mr. Chairman?

The CHAIRMAN: Order.

Mr. NEILL: Perhaps I had better begin again at the beginning.

Mr. MacNICOL: Well.—

Mr. NEILL: Now, give a man a chance. That was the election of 1925. The government made this deal and they introduced the

Old Age Pensions Act in 1926. They put it through, and it was an excellent bill. The government by that time had found they could not get the provinces to do anything anyway. The provinces wanted the dominion to do it, and they shilly-shallied, and would not do one thing or another. The government, to its credit, said, "We will do it. There is only one way we can do it, and that is this way: we will pass what the lawyers call an enabling act. It will show that we are willing to give fifty per cent of a certain sum. Here is a draft bill. If you—Ontario, Manitoba and all the rest of the provinces, or any of them—want the pension, we will pay fifty per cent." But they did not bring it into effect immediately, because it had to pass the provinces. We had to get their consent. I am intensely sorry to have to disagree with my new-found sponsor the hon. member for York-Sunbury. and tell him he was mistaken when he said that his party had endorsed it, because I can remember the Right Hon. Arthur Meighen saying, "There will not be a dollar paid under this act; fraud is written in every line."

That was said about the first bill. That bill was sent to the senate, and the senate killed it. Then the government was defeated on another measure altogether. They went to the country, and the old age pensions proved to be remarkably and unusually popular. The government got into power, largely because of that, perhaps, and they put the same bill through, identically the same bill. Then the senate took the view that the country had pronounced upon it, and let it go through. On that occasion it is only right to say that the Conservative party certainly did not vote against the second passing of the bill. So that the hon. member for Vancouver-Burrard is right when he says that the Liberal party, with a sufficient majority behind them, did not have to make a bargain with anybody. On the other hand, the Conservative party did not oppose it the second time it was passed.

I have to answer the hon. member for York-Sunbury with respect to the election of 1926. He said the Liberals only got 116 members; that is true. But the Conservative party got only ninety-one. But the Liberal party could count upon a number of Progressives—thirteen, I believe, and nine Liberal Progressives, and occasionally they could pull in the U.F.A. from Alberta. The government had sufficient majority to go ahead. The bill went through, and they got the credit for it. The hon. member for Vancouver-Burrard is right when he says that the Liberal party passed it when they did not have to. And the Conservative party can say they did not oppose it the second time it was introduced.

I should like to say a word to the hon. member for Winnipeg North Centre, who read a letter this afternoon, to which he appeared to attach great importance, so much importance that the blamed thing has been subject to some form of glorification, and has been framed. I do not know whether it is printed or embossed, but it is no doubt considered as the last word in political strategy. I have no doubt it will be playing an important part in the election in Saskatchewan within the next two weeks.

Mr. KNOWLES: I have it right here.

Mr. NEILL: Is it not framed?

Mr. HANSON (York-Sunbury): It may be a frame-up, for all you know.

Mr. NEILL: I hope they frame all of the Prime Minister's speeches.

Mr. KNOWLES: Every time he says anything definite.

Mr. NEILL: I never heard any man's speech which was worth framing. However, the hon. member quoted a letter from the Prime Minister. It was written in language considered to be confidential, and never intended to be blatted forth. But if you read that letter, you will see that the bulk of it refers to a different matter altogether. It is only when you get to the foot of the letter that there is any reference to old age pensions, and that is a reference to a promise by Mr. Lapointe to Mr. Neill. Yet members of the C.C.F. party are going through the country to-day and saying that I had nothing to do with it, that it was given to the C.C.F., and to them alone. Nevertheless, if you look up that date in *Hansard* you will find that Mr. Lapointe in answer to a question by Mr. Neill promised old age pensions. That is the letter they are framing. They have framed it, and they are going to show it in Saskatchewan to prove that they and they alone are God's chosen people who passed this bill, or at least obtained the passing of it—and that was six years before their name was ever heard of. They should have waited for another six years, and got another more suitable name. I heard their leader, himself, say that their name was unhappily chosen.

Mr. KNOWLES: You should not worry about that.

Mr. NEILL: I heard him say that, myself. I heard Mr. Woodsworth say at a meeting in Courtenay, before a Rotary club, that he gave

me great credit for my action in helping to get the old age pension measure passed. There is plenty of credit for both of us. I gave him due credit, and he gave me due credit. But hon. members to my left now hog it all.

Mr. KNOWLES: No one is taking it. I read the letter, and your name appeared in it.

Mr. MacNICOL: It is not such a credit.

Mr. NEILL: I am quite willing to give credit where credit is due. Does not Scripture say "Agree with thine adversary quickly lest he turn and rend thee."

Mr. HANSON (York-Sunbury): Or stab you in the back.

Mr. NEILL: With respect to the committee I was going to say that it recommended a resolution which afterwards became law at a very important and long session. Representatives of all parties were on the committee. Witnesses from far and wide were called. We always asked them two questions: What do you think the age should be? What do you think the minimum amount should be? I remember that a railway man, a very intelligent man, representing one of the railway unions, said, "That does not interest us because we will have to help pay for it; we have our own pension scheme, but I would say to you to go ahead and get it passed; do not quibble about the amount; it would be better to get it passed if you only get $20, because public sentiment will see that it is increased; but get it passed." I thought that was very sound advice. When it came to deciding upon that section of the report which prescribed the amount we were distinctly told, not only by the government of the day but by every representative of the different parties in the house, publicly and privately, that we had not a ghost's chance to get it through if we asked for more than $20. I will take my bible oath that that was the situation.

One gentleman who is now a leading light in the C.C.F. party, who is an organizer, I do not know whether of all Canada or of Alberta only, got up and said, "I propose that it be $40." I said to him, "Mr. So-and-so"—I will not say who it is for the sake of his unborn children—"what do you think is the best thing to do; do you think it is better to hold out for $40 and get turned down, as you know and cannot deny will be the fate of this measure, or to take some lesser amount, say $20, and regard it as a stepping-stone to something higher, as being of some advantage for these old people?" He said, "I would rather ask for $40 and get turned down, for I would get the credit in the country." Even in those days—there were no C.C.F. then; but he had the same desires—he was ready to sell out the interests of the old people for a place of profit, for a chance to advance to power by just one little bit. That is what is going on to-day. That is not carrying out the principles of government; it is just expediency.

Mr. KNOWLES: Is the hon. member referring to any member of this group?

Mr. HANSON (York-Sunbury): He was here long before you were ever heard of.

Mr. NEILL: I was going to say that the government made the offer to the provinces. They said, "Take this and we will pay fifty per cent." Afterward when Lord Bennett was carrying on his campaign he offered to pay 100 per cent, but when he came into power he made it only seventy-five per cent.

Mr. HANSON (York-Sunbury): He went half-way. That is all the money we had.

Mr. NEILL: I have no doubt that he did the best he could.

Mr. HANSON (York-Sunbury): May I ask a question with respect to Mr. Meighen? The hon. member said that Mr. Meighen based his appeal on fraud. Mr. Meighen based his objection at that time on the known fact that under the constitution we had no right to do it, and he charged the Prime Minister with knowing that and still putting the bill through. It was on that basis that it was considered fraudulent.

Mr. CHURCH: That is right.

Mr. HANSON (York-Sunbury): That is the answer.

Mr. NEILL: That may have been his argument.

Mr. HANSON (York-Sunbury): That was his argument and that was true in law and in fact.

Mr. NEILL: Then you are on the horns of a dilemma. You have either to say that he wanted to reject a good measure, or that as a lawyer he said it was constitutionally rotten when it was not. It was afterwards passed and became law in the same exact language.

Mr. HANSON (York-Sunbury): It was only passed as—

Mr. NEILL: You have to take it one way or the other.

Mr. HANSON (York-Sunbury): It was only a grant in aid and it is yet.

Mr. NEILL: The bill was passed and it was a good bill. With one exception there has never been any need to change it. Where the mischief was done was in the regulations.

The government in their wisdom passed the power to make regulations over to the provinces and they passed such regulations which, if it were not unparliamentary, I would say were entirely damnable. If that word is improper, I will say they were utterly unworthy of a Christian country.

But that power was given to the wretched little boards in the provinces. I speak more particularly of the one in my own province. They simply made the law unto themselves. If you told them, "This is wrong; this is not the way the act reads," they simply pointed to the section which gave them the power to make regulations. Having that power to make regulations, they made a new act. If, as I pointed out, you said, "You cannot do that; that is contrary to the law," they said, "No; we have the power to make regulations; we can make any regulations we like." And they did. Some of the fool things they did were laughed out of court.

As I pointed out in this house a few years ago, there were a number of questions, I think about thirty-five, which were asked of applicants for pensions. One question asked was: "Since the old age pension law came into effect"—which was seventeen years before —"have you sold or given away any personal property?" There were some more legal words to the question. An old woman might have had a stove which was worn out and which she had given to her next-door neighbour who was worse off than she. Then the person to whom she sold it, if she sold it, or the person to whom she had given it, if she had given it away, had to be dug up whether he was in heaven or in California and asked to sign a statement as to the consideration that had passed on that occasion and what had been done with the money. It was not a question of bonds or land; it was simply a question of personal property. Finally something like shame struck the British Columbia board and that was changed to five years. They are still asked what they have done with an old saucepan or coal shovel, what they got for it, and they must produce evidence to show it was paid for or, if anything remains unpaid, how much it is. There were a whole lot of rules like that. Probably the government is not responsible for those rules except that it should have taken those people and knocked their heads together.

Mr. HANSON (York-Sunbury): This government agreed to those regulations.

Mr. NEILL: It sanctioned them.

Another regulation that I object to is that governing the estimated value of property. That is, they take the assessed value of the property, which in British Columbia is absurdly and ridiculously above the real value. I would cheerfully sell any of my property for the assessed value. I used to point that regulation out to the government and finally got it changed to either the assessed value or the market value, whichever seemed the more equitable. A man might have a hundred or two hundred acres of useless bushland and five per cent of the assessed value of that land would be considered as income.

What did this board do? They said, "We will continue to adhere to the assessed value." I said, "You cannot; the law has been changed; the regulations have been changed; you should take the market value of this property." I offered to take them from the nearest port in my car to show them the wretched land, but they said, "No; we will take the assessed value." I said: "You cannot; you are going against the law." They said, "We have the option to take whichever we like and we find that taking the assessed value is less trouble to us. We assume the assessors are honest and reliable men." They still take the assessed value because it is a little less trouble.

I have known of cases where a woman had 160 acres away back of beyond, away up on the northern edge of Vancouver island. I could not say what it was worth, because it was not worth anything. She might be paying $10 or $12 taxes. She was paying the taxes but getting nothing. But the board said that the property was assessed at, say $1,500 and that five per cent of that would be $75 and they considered that sum as part of the woman's income. They took five per cent of land that was not worth a curse, land upon which the woman had to pay taxes. I advised this particular owner to sell it, but it could not be sold. I said, "I will give you $10 for it, and then they can charge you only on the $10." That is the sort of thing we had to do to get an honest break for some of these people.

I wish to say just a word or two before I pass away from this. I have been slamming the provincial government. The board was rotten, lock, stock and barrel, but the system has been changed. They have now a new board. I think it was the hon. member for Vancouver South who said pensions ought to be run by a welfare department. It is run now by a welfare department in British Columbia; they have a competent man at the head, and it is to his credit that we are now able to get an old age pension out there much more readily. Very often it was a matter of months and months. I know of one man's case when it took exactly nine months, and then the pension was granted

in the end. They were writing to a man who got mail only once a month and the final delay was over his position and earnings. They said: "You are a postmaster and no doubt get a princely recompense, so that we want a certificate signed by someone in authority telling us how much you got every year out of this valuable position." The man finally lost his patience—he had nothing else to lose, and so he wrote back, "Do you want a letter from the postmaster general or from the governor general or from the Prime Minister? There is a blue-book on your table, or ought to be, which will show you that I drew every year the sum of $100." That man had to go without the old age pension for months until they got a certificate that he drew only $100 a year. I know of another man whose pension was held up for months because they could not get a translation of his birth certificate. They could have got it in Vancouver for fifty cents. I have done it.

Another man who applied for an old age pension was dying of cancer. The authorities were holding his pension up until finally I told them, "Give this man his pension or he will be dead, and then you will be able to say that you saved the government $20 for a month." This man got his pension the day before he died. They wrote him a letter like this, "We know you are very ill. If you are dead when you get this cheque, it must be sent back at once."

I will give the provincial government credit that the system is much better now. It is run by a man who has some human sympathy, who believes in fair dealing, but still handicapped by fool rules.

There is one question I will take up with the minister. I asked him about it last year when this last $5 was added to the pension, and paid for out of the war appropriation. I asked the minister if the $5 would be stopped when the war ended and the minister replied, "Yes, unless legislative action is taken at that time or in the meantime." I hope the minister will take action now by an amendment to the Old Age Pensions Act so that there will be no doubt that the $5 will be continued after the war, so that these pensioners will not be shivering at the thought that, when the war is over, this last $5 that was added to their pension will be taken away again.

Many proposals have been made by hon. members looking to the future. No doubt a contributory system must be brought in at some time in the future and the age limit reduced, but we are living to-day and we have to deal with these people now. I think the hon. member for Vancouver South in his fine speech might have given the government a little more praise for the action it has taken. There is an old proverb that you should not look a gift horse in the mouth, which means that if a man gives you a present of a horse, do not open its mouth to examine its teeth which tell you the horse's age, because then you might find that he had given you a lemon instead of a horse. The present old age pension is a gift horse. It is an improvement, and I am willing to give the government credit for it. If somebody gives you something, grab it and use it as a stepping-stone to get some further advantage for the people you represent. Do not sneer at it because it is not all that you want and say that it was forced out of the giver. That is not the way to get things. It is the way to choke off at the source anything further of the kind.

I would suggest that the whole question of old age pensions go to a committee. These are local matters which could best be dealt with a committee. The government have a large majority in the house and they would have a majority on the committee. We have dealt with the matter four times already in committee and good came out of every one of those committees. This is not the place to dispute about these small matters. If the minister could see his way to sending the question to the industrial and international relations committee, the whole thing could be threshed out there and amendments suggested, and it would help to popularize the scheme with the people.

Here we are in the midst of a war and I know the large expenditures which the minister is called upon to make. I agree to some extent with the position he takes. I also admit that whenever he proposes to raise the pension, it is not his word alone that goes because he has to get the consent of nine provinces. If he would send the matter to a committee everyone would have an opportunity to be heard; the minister would get a sound basis for future action, post-war, and proposals would be made to deal with the matter equitably in the meantime. It is not just a question of a dollar or two more that irks the old age pensioner. It is the injustice, such as has been done in the cases to which I have referred, and I could go on reciting similar cases for an hour. It is that which kills the spirit of the poor. All question of charity, of course, will be removed in any contributory system, but that cannot be adopted in a moment. I do trust that the minister will accept the suggestion I have made.

Mr. CHURCH: In discussing this vote for old age pensions I shall leave politics out entirely. I was head of the Union of Canadian Municipalities for three years and head of the Ontario Municipal Association for three or four years. I was also a member of the committee on old age pensions, and during the time I sat on the committee I was ashamed of Canada, a so-called Christian country, in its treatment of our aged people or the blind. There is an old saying, "he that hath pity on the poor, lendeth unto the Lord." But for years we could get nothing for our aged people. I was the head of a very large municipality which pioneered in social reform services. The city of Toronto led the dominion in many forms of social legislation and had pension funds for its employees in most departments. We came here on many occasions to interview governments of all kinds and we got very cold and chilly receptions in all forms of aid. The first duty of the government is to look after the health, wealth, happiness and prosperity of its citizens.

This question is not a provincial one. We have the most complicated constitution in the world for the protection of human values in Canada. It is no wonder that juries of all kinds in their reports to the presiding judge have criticized the federal parliament and all governments for years for their utter lack of any Christian charity toward the aged and the poor of this country. It is disgraceful that this debate should have been precipitated in this chamber to-night, with a war on. There has been quarrelling about who did this and who did that, when as a matter of fact not a thing was done until recently for the aged, the blind and the suffering. It was left in the past very largely to the municipalities and private sources. Finally the federal government contributed seventy-five per cent and the provinces twenty-five per cent to the old age pensions. Then on July 24 of last year the maximum pension was raised by this government from $20 to $25 a month, but no cost of living bonus was granted. Where can you get a house for $20 or $25? That will not even buy your food, let alone a room.

We have heard from the British Columbia members to-night, and we are always glad to hear from them. When any question of importance to their province comes up they make, to borrow a phrase from hockey, a ganging attack upon the government. I wish the Ontario members would do the same for their problems.

The Liberals in their platform of 1919 had a scheme for unemployment insurance, sickness and health insurance, but it took them down to a couple of years ago to put such a measure on the statute book. The first day I was in the house in 1922, I had, with a former member for Winnipeg North Centre, a resolution in favour of sickness, unemployment and health insurance, and in addition, old age pensions for the blind and the aged. This whole problem has been left to the municipalities largely, until lately by the government, excepting for pin-money, for it is really nothing more, handed out in the form of grants of $5 and $10 to those who have borne the burden and heat of the day. It has been a disgraceful manner of dealing with a federal problem, which should be an entirely federal responsibility and not a tax on the municipalities and on real estate.

Just think of the way in which some of our citizens have been used. Long ago, at the time of the rebellion of 1885 in the Northwest Territories, troops from Quebec, Ontario and the maritimes, in response to the country's call, marched across lake Superior in the winter when it was thirty or forty degrees below zero. In those days and from then onwards these men of the militia have done much to build up our armed forces. Yet these 1885 veterans, the backbone of the militia, have never received any pension. We would have had no troops in South Africa and our efforts in the first great war and the present war would have fallen short of what they have been, but for the pioneers in the militia and cadet services of those days. Why have these aged men been used in this fashion? They have experienced the same sort of treatment as the schoolteachers who were allowed to starve in the country schoolhouses, receiving no more than three or four hundred dollars a year for their services as compared with the way Canada helped the builders of railways. The militia men got a grant of 200 acres, and that was all. To this day some of the 1885 veterans are in the poorhouse, and there they will continue to be, if we wait for Canada.

We tried to get their case discussed in this chamber, but were unable to persuade a so-called Liberal government of the justice of compensating these pioneers and veterans who served us in the northwest rebellion. My leader here and the hon. member for Kootenay West tried to get the matter discussed, but they never were able to have it dealt with.

As regards the blind, little or nothing has been done for them. They have been mainly dependent on the splendid Association for the Blind, upon the municipalities, private persons, the community clubs, and voluntary social agencies, much as are the poor unem-

ployed people who found themselves out of work through some of the policies which have prevailed in this country.

What has been done about income tax? What encouragement has been given to those who tried to help in maintaining some of their poorer neighbours, or relatives or those who have contributed in large or small measure to charitable organizations? The charges required of them under the War Measures Act, in the form of income tax, are such as should not exist in any Christian country.

I ask that some consideration be given to these questions. Very little has been done for the pioneers. They are allowed $20 or $25 a month, plus a $5 raise by a province here and there. It is just charity, and charity in its worst form. Those who have worked honourably and well until they are sixty-five or seventy years of age should have a better outlook in life than they get now, namely an open door to a house of industry, or even to a gaol, or a poor-house. At times in the past the gaols have been filled with these poor people. I know, because I have been a municipal officer for many years, and have always taken great interest in social problems. Yet the parliament of Canada was able to vote millions of dollars for branch lines and other material purposes, while it could not treat with reasonable generosity builders of character in the schools and the poor old folks. But as for the builders of railways, they were presented with the title deeds of the country.

We have been a long way behind other countries in legislation for social purposes. Let me tell the last two speakers, although I have great respect for them because they usually contribute matters of interest to debates in which they take part, that on this question they cannot afford to adopt a holier-than-thou attitude. Here we can afford $140 million to support ceilings some of which may collapse overnight, and all the ceiling you have for the poor and the suffering and the sick and the halt and the maimed and the blind is about seven million dollars, while we quarrel about whether we shall pay them $5 out of $30, or four or five dollars out of $25. What a miserable sum for such a purpose! No wonder so much suffering exists in the homes of this country! I remember that the sister of Sir William Mulock, Mrs. Boultbee, who had taken a great deal of interest in homes for infants and other charitable institutions once came and told me, as the mayor of the city, "If you do not give us a larger grant for the infants' home we are going to put the babies on the front steps of the city hall." They did not need to do that, because the city of Toronto provided for them generously.

I greatly regret that these social problems have been made a political football ever since I have been in the house. Let us show some Christian charity among ourselves. Never mind who is entitled to the credit so long as the work is done. The poor are suffering, and I am almost ashamed as I travel over the country and visit the homes of the poor, for whom hardly a dollar is spent, while we provide $140 million to erect castles in the air and ceilings on anything or everything. Charity begins at home. Let us find first a few dollars for old age pensions and pensions for the blind. In letters I receive from the troops in Italy and other places the writers want to know if its true that their parents have been laid off work owing to the age limit, or that they are taxed heavily on what little they have, and they wonder what is going to happen to them in trying to exist on the dollar or dollar and a half a day which is about all they get.

Mr. NOSEWORTHY: I shall not digress into the history of the old age pension movement, nor shall I enter into argument with those who took part in that battle nearly twenty years ago; except to say this, that the people of Canada to-day—that goes not only for the old people but for the younger as well —are not half as much interested in who is to receive credit for what was done twenty years ago as in who is to provide them with pensions that will meet the needs of the present day. That, I think, is the vital question we should discuss here to-night.

Mr. MITCHELL: Why was the framed letter produced this evening?

Mr. KNOWLES: Because somebody referred to the matter this afternoon.

Mr. NOSEWORTHY: I am confident that every old person and every pensioner in this country and thousands of younger sons and daughters of these pensioners would be grateful to the minister for the crumbs which have fallen from the treasury bench's table to them These improvements help, and the people of Canada, the old people in particular, will be grateful for the change which has been made in the residential requirements. But there is still much to be done, and I think the most hopeful part of the minister's speech was the promise that he held out that there was to be something better in the near future. While a person now receives a pension at seventy if he has lived sixteen of the last twenty years in Canada, that still leaves many people with unsolved problems. There is a vast number

of people in this country, aged and indigent, who reach seventy years of age and yet will not qualify for a pension even under these more generous terms, and I think we have to face the question of just what we are to do with indigent old people. We are not going to give them a pension and many of them will become a burden upon the municipality or the public, and while I am not going to say where that line should be drawn, nevertheless, sooner or later—I hope sooner rather than later—we shall have to accept the responsibility of publicly providing for the old and indigent. And I think we shall have to do it before they reach seventy years of age. As already pointed out, the time is not far distant when we shall be wise enough to know that it will pay us as a people to provide the aged at sixty-five with an adequate income, that it will be advantageous to us to do that, just as it is advantageous now for us to give gifts to the mother country in time of need. We shall find that the money will come back to us, that our entire economy will profit by the money we expend in providing these old people, not at seventy but at a lower age, with an adequate income.

There are two or three regrets I have to express. I wish the minister would correct me if I am wrong, but do I understand that where an old age pensioner receives, on behalf of a son in the armed forces, dependent's allowance, coupled with assigned pay, both the dependent's allowance and the assigned pay are counted as part of the income in arriving at the pension?

Mr. ILSLEY: Yes; they are both counted.

Mr. NOSEWORTHY: That is one of the things I regret. I wish that the minister, when he was amending the act, had taken that into consideration. That assigned pay is the soldier's money, and if he chooses to send it to his father or his aged mother, the government has no right whatever to save on its pensions by adding that to the pensioner's income. I do not think the minister himself; I do not think any cabinet minister; I do not think any member in this house would stand on a public platform anywhere in this country and defend that principle. I am confident that if that question were placed before this house at any time, not even cabinet ministers would support it. I would urge the minister to take that into consideration and, in arriving at the maximum pension, leave the question of assigned pay out of the picture entirely.

There is another matter I regret. The hon member for Winnipeg North Centre called attention to a clause in the act which seemed to provide that the home in which a pensioner lived should not be considered in arriving at the amount of his income. I have argued this with the officials many times, and I can find nothing in the act itself which justifies the board in taking as part of his income five per cent of the assessed value of the little home in which the pensioner lives. I can find it in the regulations and it appears to me to be a clear case of regulations, formulated by some board, overriding an act passed by parliament. I am confident that the people of this country, I do not care where you go, are opposed to that practice. They are opposed to having five per cent of the assessed value of the home in which the pensioner lives counted as part of his income against his pension.

On these two points I wish the minister would do something to get rid of this injustice. They are unfair and I do not think they can be justified on any grounds. There are other points in the act upon which I will not touch to-night, but in regard to these matters I appeal to the minister.

There is another point I would bring to the minister's attention. A great many instances have been brought to my notice where old people find it impossible to obtain proof of age. I have been told again and again by the officials that proof of age must be documentary evidence of some kind. I will say this for the officials. I have found them most cooperative and ready to accept almost every form of document which would establish, by way of documentary evidence, the date of birth. But a number of cases have been brought to my attention where the officials recognize that people are entitled to pensions but there is no possibility of getting any document sufficiently old to establish their date of birth. The hon. member for Davenport was good enough to refer to many of the old people born in Newfoundland. I have come across many such cases. No vital statistics were kept there until recently. If I had to establish the date of my birth, by a birth certificate, I could not do so. At the time I was born in Newfoundland no vital statistics were kept. There is no record there. I was fortunate enough to have secured an affidavit from my parents when I came to Canada and I have had to use that as documentary evidence when I required proof of age. There are many people from Newfoundland in Canada who just cannot get documentary proof of age. I have tried, in some instances, to get the old school registers, but they cannot be found. We have tried to get evidence from the churches in which persons' baptisms were recorded, but in many instances the churches are burned; the records have been destroyed. I have a number of deserving cases that just simply cannot get proof of

age. I think there should be some latitude left to the board or to some officials whereby affidavits or adequate proof of age could be accepted without insisting on documentary evidence as required at the present time. I make these three suggestions to the minister for his consideration.

Mr. ROSS (Souris): I should like first of all to endorse the remarks and arguments which were so ably set forth this afternoon by my colleague the hon. member for Vancouver South. Without repeating any of the arguments that have been made to-day there are one or two points that bother me to some extent. One of them has just been referred to. It is the case of the old age pensioner with a son serving in the armed services. I think it is most unfair, where it can be proven that the son had been contributing to the assistance particularly of a widowed mother.

I think I have discussed this matter of old age pension in every session since I have been here. In 1940 I set forth the idea that those pensioners should receive at least $30 a month or a dollar a day. The cost of living has risen considerably since that time. I think the index is a hundred and nineteen point something now and food is much higher. The cost of food is up thirty per cent in the index. As has been pointed out, many of those old people have been pioneers in this country. At times they thought they had enough laid up for the eventide of their lives. In many instances, through no fault of their own they have lost it. I think we should do better for those old people who have developed this country. We should make better provision for them in their old age. We might consider raising the amount to at least $30 a month. The age limit might be reduced to sixty-five years in the case of males and to sixty years in the case of females.

To return to the matter of the widowed mother with a son serving in the armed services, I do not have to remind this committee that many of those sons are dying for parliament and our way of living to-day. I do not think we are keeping faith with the mothers of those sons who have sacrificed their lives for our way of life. Surely the first move with respect to social security in this country should be by way of a proper provision for those old people who in the eventide of their life are now in difficult circumstances. That should be our first thought in so far as social security in this land of ours is concerned. We all recognize that we have what could easily be, if it is not now, one of the most prosperous lands in the world. We have many untold and undeveloped natural resources and a sparsely settled country. Surely with all our available resources we can afford to do better for those old people and I think we should rightly do so.

I feel very much concerned about this matter, particularly with respect to those in the armed services. I sincerely trust that the minister will bring down legislation immediately whereby the assigned pay and the old age pension will not be taken into account where dependents' allowance is required.

Before taking my seat I wish to compliment the minister upon the statement he made in this house last month. I think the matter of increasing the income which the pensioner is allowed to earn from $65 to $125 is a step in the right direction, but I do not think it goes far enough. It should be still further increased. I trust that these suggestions, and especially the one about the widowed mother with sons in the armed services, will be dealt with more leniently. It is dealt with now in an altogether too carping a manner.

Mr. MITCHELL: I wish to say a couple of words on this matter. We have witnessed what I might call the Messiah versus the Messiah versus the Messiah this evening where so many different people have taken credit for the original establishment of old age pensions in this country. I think from a political sense the best exposition that I have heard to-day was from the hon. member for Comox-Alberni. I have a definite recollection of following him in the House of Commons in connection with this vitally important social problem. In saying that I do not want to take anything away from my good old friend the late James Woodsworth, with whom I sat in this House of Commons, and Abe Heaps. It might be truthfully said that the fact that the Liberal party in 1919 had this as part of its platform gives some indication of the movement in that direction over a good many years. But what has not been said here this evening and what should be said is the contribution made by the trade unions in this country in connection with the establishment of the old age pension.

Mr. KNOWLES: We are glad to join with you in that.

Mr. MITCHELL: It can be truthfully said that the trade unions as an economic organization—not as a political organization, you understand, because politicians from the very nature of things are very careful sometimes about what they champion—first sponsored in a big way the advocacy of old age pensions in the Dominion of Canada. Because of the observations that have been made here this afternoon and evening I believe it is only fair

for me to make that statement. I endeavoured to get from the library here the records of the Trades and Labour Congress of Canada back to 1894 or somewhere around there, but I was not able to get them. I was able to get only back to 1914. I shall read a resolution advocating old age pensions in this dominion at a time before the hon. member for Winnipeg North Centre even lived here. Let us go the correct way about this. Might I also say this, that I played some part in the establishment of old age pensions in this country, if I may be forgiven for saying it in a personal way, because I signed the agreement that brought it into existence in the province of Ontario. Strange to say, one of the signers of the agreement was the Hon. Peter Heenan, who was Minister of Labour of the Dominion of Canada at the time; the other signer was the Hon. Howard Ferguson, who was leader of the Conservative party in Ontario; and I went in and witnessed their signatures. Therefore it might be truthfully said that all the forward-looking citizens of this country who believe in social progress have played their part in the establishment of this very necessary social reform. Let us be fair and honest about it.

I have a vivid recollection of the campaign in which I took some part, the election of 1926, I think it was, referred to by the hon. member for Comox-Alberni. I think it was at that time that the Trades and Labour Congress of Canada set in motion another agitation, an educational agitation, for four fundamental things that were necessary. I remember two of them. One was the abolition of section 98 of the criminal code, and the other one was the establishment, after a veto by the senate, of old age pensions. If I remember rightly, I think the third one was the abolition or reform of the senate. Arising out of that educational campaign we got the establishment of old age pensions.

Might I say that if I had my life to live over again—I advocated non-contributory old age pensions—I think I would advocate contributory old age pensions. I believe that pensions should be paid—I speak now as an individual—to the people of this country by right. The only way you can get anything by right is by making some contribution to it. That principle is followed in Great Britain. It has been followed in Sweden and New Zealand, and in any country where they have what might be called a successful old age pension system, it does embody a contributory system.

We hear people talk about non-contributory unemployment insurance and non-contributory this and non-contributory something else. Whether you like it or not, anything and everything that is paid by the state is a charge on the living standards of the people of this dominion or any other nation. History has proven that pride is the backbone of a nation. Let us consider, for example, the nation from which the hon. member for New Westminster comes. There you have thrift and pride, a combination which has made the Scotch people what they are.

In the very nature of things we must take care of these old people, and I take second place to no man in the House of Commons in my understanding of the obligation owed to them by the state. But I hope I shall live to see the day when we shall establish a system of old age pensions which will provide pensions by right to every person—to the hon. member for Winnipeg North Centre and to myself, for that matter, and if necessary to the president of the Canadian Pacific Railway company. I do not think there should be any discrimination whatsoever.

Some people are thrifty. It is something like walking down a country lane and seeing different kinds of land. We see the good farmer, the fair farmer, the indifferent or average farmer. Thrift should not stand as a barrier in setting out the obligation of the state toward the old people. It would be my hope that as the days go by we might establish in Canada a system of old age pensions, based upon a contributory principle, the same as unemployment insurance.

I have always felt that there have been three great fears in the lives of working men and women: the fear of destitution in old age, the fear of destitution through sickness, and the fear of destitution through unemployment. I have always felt it is only a question of organization in a big way—in a big way, you understand, rather than by telling people they can have something for nothing—that these fears can be met. There should be organization in a big way, and on a contributory basis, so that a nation could—not in a full measure, perhaps, but at least in a reasonable degree—eliminate those three fears from the lives of its working men and women, its farmers and others engaged in the commercial life of the country.

I have given what I have always considered to be my philosophy of life. It is as old as history itself. And remember this, that any state which started out to kid the people that it was giving something away for nothing, has ended up in the ashcan. It may be that we now have a new formula; I do not know. I sincerely hope, with all my being, that we have. But human nature being what it is, and in the light of history, there is reason for

doubt. One could read the history of Carthage, Rome, Greece, the history of other civilizations and nations—

Mr. REID: And Russia.

Mr. MITCHELL: I could say that, too, but not at the present time. They flourished and decayed. That is written indelibly in the history of those nations. The strength and power of the British people is their pride and thrift. That has made them what they are. I hope that some day I shall live to see worked out an organization operating on a contributory basis which will attack these three great fears of our men, women and children.

Mr. ESLING: Mr. Chairman, various phases of the Old Age Pensions Act have been discussed this afternoon and this evening. However, I should like to touch upon just one phase of it, namely that relating to the blind. In doing so, I should first of all like to refer to that able and energetic blind administrator, Colonel Baker, director of the Canadian National Institute for the Blind. That is an institution which has done much more than is realized by the general public. It is to Colonel Baker that this country owes a debt for having made it possible for so many blind persons to maintain themselves.

Then, in the Department of Pensions and National Health is Doctor Burke, who has made a special study of the case for the blind. He has gone into the matter thoroughly, and looks forward to the day when there may be a further step which will improve the condition of the blind, and also relieve them by a system of treatments which should be put into effect in every province. Had such been done in late years, it is altogether probable that many who are now receiving pensions at the reduced age of forty, many who are to-day shut out from the world, would be relieved of that disability.

It is known that in 1942 there were 12,350 blind persons in Canada. Of that number some 6,350 are now pensioned, not only by reason of the age limit of seventy, but by reason of the reduced age of forty. There are also about 2,300 who are not blind, according to the interpretation of that status, as it is defined in the act, but who are suffering, and who would never have reached that state of disability had there been proper treatment. In many instances their condition is the result of disease, or malnutrition, or of accidents.

In this day and age when we look forward to travelling along a trail of sunshine and security the first essential is health. When we do not have the best of health and the best of treatment we may look forward to further cases of blindness, calling for pensions. It is strange to note how the cases are apportioned among the provinces. Although Ontario has a population which is 400,000 greater than that of Quebec, yet we find that Quebec has about 2,100 cases of blindness, and that about 900 are deserving and desirous of treatment. There are about 2,100 cases in the dominion who are awaiting the eligible age of forty years before they can be pensioned.

The point I would emphasize to-night is the necessity for treatment of the blind. Then, too, I hope the minister may see his way clear in the near future to bring in a measure which will put under one act legislation affecting the blind. I would suggest, too, that the age limit for the blind should be brought down to twenty-one years. Surely the life of a young man is just as valuable at the age of twenty-one years. He has more to look forward to at that age than the man who is blind at the age of forty years. The main purpose of all this social legislation is to create self-maintenance, self-support and independence. We are indebted to Colonel Baker for having made it possible for so many blind persons to be able to maintain themselves. I urge upon the government the providing of treatment in order to prevent so many people from being shut out from the world as the blind are. I ask the minister to give thought to this suggestion.

Mr. GRAYDON: Mr. Chairman, I have not been one who has been favourable to rising by way of repetition of other people's arguments, and I have no desire to do so to-night. I join with many of those who have spoken. There was an air of unanimity in the committee, to ask and demand that the older people of Canada shall have a square deal. I want to say to the government and to those in the committee that it seems to be easy for promises to be made and for bidding sometimes to take place with respect to the older people in our land. I may say that what the older people are interested in are not promises, what the older people are interested in is action which will bring them the conditions to which they are entitled under the present situation.

I want to say to the committee, and I state it very seriously, that I believe in the days to come the course outlined by the hon. member for Vancouver South must be followed by the Canadian people in a way in which it has never been followed before. That is, human values must definitely replace material values in a way that we in this nation have never known before. That is one of the things which the new era, the new world, the new order, will call for, will demand and must get if it is to be successful.

I would say this one thing with respect to old age pensions. This party does not take a back seat to any party in the House of Commons in its desire—perhaps this is more important—and in the years to come in its capacity to do something for those of our older people in Canada. As I listened to the hon. member for Kootenay West I could not help thinking of the excellent address that was made last night to the empire parliamentary association group in Ottawa by Mr. George Tomlinson, undersecretary to the minister of labour of Great Britain. He indicated the work that was being done there in rehabilitation in connection with those who have lost their sight. He pointed out that in certain industries in Britain those who are unable to see have mastered certain jobs which could not be mastered in the same way by those who have their sight. This was of vast interest to those who listened to him. I think we were all much cheered with the thought that there were jobs and trades being created for our people who are thus afflicted.

I rose to-night more particularly to say to the minister that there is one thing that perhaps ought to be stressed at this time. I have had cases, and I imagine hon. members have had cases, where old age pensions have been reduced, sometimes taken away entirely, because assigned pay or dependents' allowance had been received by a mother of a boy who is overseas. I want to make this very earnest plea to the minister and I think it is one that he will at once see should be given consideration. Where there is assigned pay or where there is a dependents' allowance I do not think this country can afford—I put it as seriously as that—to ignore the situation where those people are being so treated with respect to the reduction in old age pension, or in some instances are experiencing its loss altogether. It certainly is not fair and it certainly is not understood by those who are thus involved. From the cases I have come across I have reached the conclusion that we must do away with the regulation which calls for that.

Curiously enough, just a short time ago I received definite information and evidence of one particular case concerning two old people. The old gentleman was receiving an old age pension. His wife is living and his son is overseas. Assigned pay and dependents' allowance were paid into that home. First of all, his pension was taken away and then on May 12 last it was restored to the extent that instead of receiving $25 he now receives $12.83. I do not want to be unduly critical of the minister, and I do not rise in any sense of narrow criticism, but I think this country and this government will at once recognize that that is not the way to increase confidence in those fine old citizens of our country whose sons are overseas fighting for the security which we enjoy.

I for one do not think—and I believe I speak on behalf of the committee generally—that we can afford to allow that state of affairs to continue in this dominion. It may seem a small item to some people; it may seem a very insignificant thing, but when one realizes that this is the one and only source of revenue and income that some people have, it becomes a matter of major importance to them. I want to make the plea to the minister sincerely to-night that something be done with respect to the situation which I have just described. I realize that there has been some change made, but evidently the situation still needs attention of the character I have indicated.

Mr. GILLIS: Mr. Chairman, I appreciate that the minister wants to get his estimates through, but I have a few observations I should like to make. I have sat here for some time and had someone else expressed what I had in mind, I would not be on my feet at this moment. I wish to request the minister to pay serious attention to the remarks to-night of the hon. member for Vancouver-Burrard. Increasing the old age pension and the pension to the blind would not be a waste of money. There is a great consuming market in these people. There are 188,488 people receiving pensions, and there are a great number who do not receive them, particularly blind persons, because the blind pension is not paid until forty years of age. I think that is a crime. If you doubled the old age pension all the money would be spent within Canada. It would stimulate the markets across Canada and help in building up this country. I am not going to go into that in any detail because it is elementary social economics.

Mr. ILSLEY: But a post-war argument.

Mr. GILLIS: That is so, and it is post-war that I am thinking of. I realize that after the close of this session we may have an election, and we do not know who will be in power next. In listening to the debate in the house to-night, I have wondered who is the government of this country. Conservative members, whose party has been in power many times in the last seventy-six years, claim that on every occasion that their party has been in power the old age pension has been very close to their hearts The same is said by the Liberal members, who claim credit for establishing what? We have not established

old age pensions in Canada yet. What makes me wonder who is running this country and who has been running it in the past is that the members of the House of Commons, we who are sent here to legislate for this country and are desirous of seeing old age pensions established, and the aged and the blind get everything that is coming to them, have not brought this thing to pass. What has stopped them from doing it? All that is required is to bring down the necessary legislation and it would go through the house unanimously.

I am sorry for the Minister of Finance, for whose honesty I have a great deal of respect. I am led to believe, after listening to the discussion here to-night, that whoever sits behind the scenes and runs the treasury board is running this country. Otherwise we would give effect to the things we talk about wanting. That is what strikes me as I sit here. If I belonged to a party in this house that had been in power in this country in the last twenty or thirty or forty years I certainly would not want to rise in this house and say that I still owed allegiance to that party and supported its principles if it had neglected the opportunity of passing the legislation when it was within its power to do so. That would be an admission that, while in office, it had not taken advantage of its privilege to enact the necessary legislation which it said it wanted.

I was glad to hear the Minister of Labour mention the struggle which had been made by the labour unions across Canada during the past forty years to get the old age pension enacted. Yes, they have struggled, and struggled hard. They have passed resolutions at their conventions, provincial, national and local, but they had no power to legislate. I can remember back to the year 1910, when I sat in a very small provincial organization in Nova Scotia which passed resolutions favouring old age pensions. They have been trying all along to get the government to do something about it.

What struck me to-night in the analysis given by the Minister of Labour of contributory and non-contributory old age pension schemes is this, that there is no such thing as a non-contributory old age pension scheme. You do not get anything without contributing toward it. I have said that for the last twenty years, when many people were discussing a non-contributory system. Our aged people have made their contribution. They have gone into industry or worked on the farms or in business; they have raised their families and given their children of three generations to war; they have helped to build this nation. Now they are at the end of the trail when they are no longer productive, and they are relegated to the scrap-heap. I have in mind the heavy industries of this country. I should like some members of the house to go into the coal mines of Nova Scotia at five o'clock in the morning and watch the old men, seventy years of age and older, with a can on their backs, hobbling along with a cane perhaps, crippled, but obliged to work because they have no other means of livelihood. They have given everything they had to that industry and there is nothing for them at the end of the trail. They have made their contribution already. That is why I say there is no such thing as a non-contributory system.

The minister stated that New Zealand and other countries had a contributory scheme. That is true. But he failed to point out the different methods used in those countries to finance their social security scheme. New Zealand has an over-all social security plan, covering old age pensions, medicine and all the rest of it—all these schemes that we are considering separately. Theirs is the only way to do it. New Zealand has a five per cent tax against all income in New Zealand, and the proceeds from that tax go into their over-all social security fund, which provides for old age pensions as well as other things. Everyone contributes to it. If your income is small, you make your contribution; if your income is larger, you make a greater contribution. It is a direct tax on the pay envelope of the individual. Everyone pays into that social security fund on the basis of his ability to pay. That is the difference in New Zealand.

Mr. ILSLEY: They have a flat tax as well?

Mr. GILLIS: A five per cent tax against all income.

Mr. ILSLEY: It is called a progressive tax, and in addition they have a flat tax of a pound a year.

Mr. GILLIS: No. Any deficit in their social security fund at the end of the year is made up out of consolidated revenue.

Mr. ILSLEY: My hon. friend is very positive, but often he is wrong. I am sorry to say that, but it is a fact. Is it not true that in New Zealand, in addition to the five per cent tax, which goes down to even the smallest incomes, there is a flat tax of a pound a year?

Mr. GILLIS: No.

Mr. ILSLEY: I do not believe my hon. friend knows. I have been told that there is.

Mr. GILLIS: Unless they have made changes quite recently, the tax is a five per cent tax for all social security purposes, and it is applied to all incomes.

Mrs. CASSELMAN: Is there not a registration tax on every man over sixteen years of age of one pound a year, and something less on every woman, in addition to the five per cent tax?

Mr. GILLIS: No.

Mrs. CASSELMAN: Yes, I think I am right in that.

Mr. GILLIS: I am not going to argue with the hon. member. The tax I mentioned is the tax that has been in effect in New Zealand up until six months ago. It may have been changed recently. That is the only way in which to deal with the matter. If you are going to finance separately all the social security plans that are being discussed in Canada now, $12 a year for medical services, so much for unemployment insurance, and so on, and load all those charges back against the pay envelope of the individual, or apply it as a tax by municipalities upon property, it will never work. No one can make it work. The only way in which to work it is the way they have in New Zealand.

I agree with the minister that we shall have to understand what is contributory and what is not. But I maintain that there is no such thing as a non-contributory scheme. We have to pay for it out of the wealth that is produced in this country. Personally I would not want to take any credit for the old age pension scheme that we have in effect to-day. We have established the principle; that is about all; and as someone pointed out here to-night, it really is a paupers' allowance, because the thing which any applicant for the old age pension to-day has to prove is that he is a pauper, that he does not own anything. Take, for example, the sad experience of certain families of veterans of the last war. The men carry an insurance policy of a thousand dollars. They pass away. They are no sooner dead than someone from the old age pension board and the other bodies which handed them out pittances comes in to inquire if there was any insurance. "Yes; there was a thousand dollars insurance." "All right, you cannot get anything from any source, be it a mother's allowance or anything else, until you have spent that thousand dollars insurance and have rendered an itemized account of it to the different boards from which you expect help, so as to make sure that it is all gone and that you have spent it solely for the necessities of life." These things are nothing to brag about. I would be ashamed if I had to admit that I had ever sat on a committee and put my name to that kind of legislation.

Mr. GERSHAW: As regards that thousand dollars, Mr. Chairman, is it not a fact that they figure out how much of an annuity could be purchased at the age of the pensioner, and then calculate, not the principal itself but the amount which would be produced if it were used to buy a government annuity?

Mr. GILLIS: No.

Mr. GERSHAW: I think it is.

Mr. GILLIS: That thousand dollars has to be used up. In the old age pension scheme they watch it a little closer. I am talking now about the application of the old age pension in Nova Scotia.

Mr. GERSHAW: We have a better scheme in Alberta.

Mr. HANSELL: Hear, hear.

Mr. GILLIS: I am not going to get into a political argument about Alberta. I know you have. I might go farther and say that it is not a Liberal or a Tory government in Alberta.

Mr. ROSS (Souris): Nor a C.C.F. government.

Mr. GILLIS: That is true. I know old people who dragged out their lives in the coal mines, retired at seventy, applied for the old age pension, and when a check-up was made, it was found that they had a few hundred dollars in the bank to pay the cost of burying them.

Mr. REID: I have always wondered why the province from which the hon. member for Cape Breton South comes has always paid the lowest old age pension of the provinces. As you know, it started at $20; some pay $30; but in Nova Scotia I believe the average is around $11; and I never could understand how a person could live on that, and why the province has not increased it.

Mr. GILLIS: You cannot live on it, and the only answer I can give is that up to 1925 we had about forty-six years of Liberal government in Nova Scotia. There was a break then, when the Tories went in, but the Liberals went back in again.

Mr. REID: That does not apply in British Columbia, because we have a Liberal government there, and the pensioners get $30.

Mr. ILSLEY: The average in Nova Scotia as of March 31 was $18.06, exclusive of the provincial supplement. There is a provincial supplement which is, I believe, $5.

Mr. GILLIS: In checking the thing since the rates were changed and the increase was granted, I have been told that there has been a much stricter administration, and that people actually lost money. That is all they succeeded in doing there with the increase.

There are two things of which I want specifically to complain in the administration of the act. A soldier of the last war who served in a theatre of war and is in receipt of war veteran's allowance is granted that pension because of being incapacitated through service in an actual theatre of war. The pension is granted by the federal government, and is the veteran's pension by right. Two cases have been brought to my attention where a wife, having reached the age of seventy, made application for old age pension, and $12 a month was granted and payment made for about two years. Then someone advised the authorities that the husband was in receipt of a "burnt-out" pension of $30 or $40 a month, whereupon the old age pension of the wife was immediately discontinued, and the war veteran's allowance to the husband was assessed so much a month to pay back what had been paid to the wife by way of old age pension. I think that is a practice which should be discontinued.

The same principle applies in the matter of compensation. A man injured in industry is in receipt of compensation, for which benefit he has paid. Some people are of the opinion that it is a benevolent set-up, that in the case of accident the industrialist pays you because of the injury. One of the first charges against the wage rates of workers in industry is compensation. It is one of the major elements in computing cost of production.

Mr. WARD: But the worker pays only a percentage.

Mr. GILLIS: He pays a big percentage.

Mr. WARD: No; small.

Mr. GILLIS: The fact of the matter is—if you want to argue the matter—that he pays it all. There is nobody who produces except the worker.

Mrs. CASSELMAN: Not in Alberta.

Mr. GILLIS: Just a minute. In a steel plant, in a coal mine, in a factory or a mill, the only person who produces wealth in the industry is the person who actually works. Nobody else produces it; and when you sit in and make an assessment for compensation purposes, if you pay only twenty-five or thirty per cent it is taken out of the actual cost of the operation, and he is the man who pays the shot 100 per cent. But in the event of an injury, and the man receives a small pension to compensate for the partial or permanent disability, there is an arrangement that, in the event of old age pension being paid, it is deductible from what the man receives in compensation pension. We are only kidding people when we tell them that we have establishesd an old age pension system for the aged and infirm when we ramify it through every other piece of legislation we have in operation. Either it is an old age pension or it is not. I believe that the first charge on the wealth of this and any country is for the care of the aged. I believe they should receive that pension when they are sixty years of age. There is no use in giving it to either a man or a woman who is older than that. What can they do with it? They cannot enjoy life; they cannot get around. They cannot do anything with it. When anyone has struggled from the time he or she is twenty years of age until the age of sixty and made a contribution in this country, the statesmen who are running the country should recognize it as an obligation to see that the few remaining years of his or her life are spent in at least a fair degree of comfort, with enough to eat, enough to wear, some little recreation and the opportunity to breathe the fresh air. That is not asking too much; it is a right which should be recognized; no strings should be attached to it, and there should be no quibbling about it.

I have heard no little talk about the building of morale of the men in the armed services. In listening this evening to the hon. member for Vancouver-Burrard and some other speakers, it struck me that if the programme of policy of the Liberal party as laid down in 1919 had been implemented even to the extent of fifty per cent, there would not be these groups in this chamber to-night. The groups represented here are the logical protest against promises made and never fulfilled. Fifty per cent of the programme mapped out in 1919, had it been put into effect, would, I am reasonably sure, have offset the third party movements in this country. But we have passed the time when we can keep on merely promising.

We have to start doing something, and on this point alone I think that at this session of the house something should be done about old age pensions. I think for the moment of the hundreds of boys in fox-holes in Italy and of the thousands who are waiting to-night in England to go on board a barge to cross the channel. They know what they are going into and they stop and look back at Canada and wonder what is happening here. You know that many of the homes these boys come from have as their only income an assignment of pay. In some cases they have

an allowance by virtue of that assignment of pay. If something happens to that boy during the process of crossing the channel and going into the land of the enemy, that assignment of pay will stop; that allowance to the family will be discontinued. The result is that that family has a good chance of going back on relief. That is not a good state of mind for that boy to be in when he goes to invade the European continent.

In my opinion, one of the greatest morale builders that could be provided for the services at this time, and for our old people as well, would be a declaration on the part of the federal government that we in this country have enacted an old age pension law that will guarantee to the aged, at the age of sixty or sixty-five, an income of around $40 a month. It is the right of the old people; it is something they are entitled to; and if they have built a little home for themselves, if they have accumulated something in the course of their lifetime, there is no reason why they should be penalized in consequence and have to will that home to the provincial government in order to establish their right to pension. If something were done along the line I have suggested it would establish the morale of the men. I know it would be a relief to me if I were in England to-night, about to cross the channel, to know that we in Canada had taken at least one step in the direction of guaranteeing a measure of security to the people I had left behind.

And remember that the boys who are going to cross the channel come largely from such families. The one thing that I have feared, the one thing that ninety per cent of our people have feared all their lives, is old age. There is no security. You are living ninety per cent of your life preparing yourself to get sufficient to bury you after you leave this earth. That is all. The fear of insecurity is the spectre that has haunted the great majority of the people of this country. I do not know what the minister will do about it. But I am reasonably sure that if he has his way he will do something about it. I fear, however, that someone else is superior to him behind the scenes, and that is why something has not been done long ago.

Sitting here, listening to the discussion, I wonder where the supremacy of parliament is. This is not a war measure that must be passed by order in council. It is something that comes within the purview of the House of Commons, and we are all agreed upon it. Why, therefore, do we not do something about it? What are we waiting for? I could stand here and talk for hours on this subject, but I will not do so. The hon. member for Kootenay West spoke also about the blind pensioners, and they are in a worse position, if anything. There are hundreds of blind people in the country who are receiving no pension. Up to forty years of age you may be stone blind and yet not receive anything. After you pass forty years of age they will make some provision for you. There is a possibility that if there were proper pensions and grants and provisions made to augment the schools throughout the country, hundreds of young people who are in that condition could be made productive, and helped to lead useful lives.

I could tell the committee a story of the administration of blind pensions, but I will not do so now. It is too long. Certainly it leaves much to be desired. The people who are obliged to live either on a war pension or on a compensation pension and who are unfortunate enough to have a blind boy or girl in the house are penalized if they send that boy or girl to school. If the child is in the home the blind pension is paid, or the compensation pension is paid, on behalf of that child; but if that child is sent to Halifax, to a blind school, from any part of Nova Scotia, then immediately he leaves home and becomes an extra responsibility the pension is cut off, because he is no longer living at home. That is crazy, because the fact that the child has gone to a school adds to the obligations on the mother, in the case I have in mind, instead of relieving her. The compensation pension was cut off because he left his home and went into a school in Halifax.

It is little odds and ends such as this that irritate the people. In connection with this matter of compensation, war veterans' allowance, an agreement or understanding arrived at between the federal government and the provincial authorities is, I think, something which, if the Minister of Finance has any authority or power over, he should put his foot on. If a man is burnt out and unemployable in consequence of service in an actual theatre of war, what he receives is his by right, and if his wife is blind she should be entitled to blind pension, without any interference with what has already been granted the soldier by statute. The same applies to compensation. The compensation paid should not militate against the wife in the event of her reaching the age prescribed by the act in making her eligible for old age pension. This is something I feel strongly about, because it is one thing which for many years I have thought over. I have sat down and drafted bills, dozens of them. I have had pilgrimages to the provincial governments. We have tried to make it contributory; we have tried to

make applicable to our own industry, we have tried in every way to get around it, but we have met with a rebuff every time. If we established it for one industry we were told we would have to make it contributory for some others; the rural people would make a fuss if it were not applicable to them, and we have not the same access to them by way of contributions, and so forth. For years and years we have been going around in a circle trying to do something about the matter. It is a federal responsibility. Everyone is agreed on that, but the surprising thing is that we do not do something about it.

Mr. ILSLEY: I asked the hon. gentleman if he was sure that the five per cent was the only contribution in New Zealand. I have had the high commissioner's office telephoned to find out about it, and I find that there is five per cent on the earnings at the source on everybody, one pound per annum registration fee on all males over twenty, and on women there is a registration fee of five shillings for women over sixteen and five shillings on youths of ages from sixteen to twenty. One hon. member has handed me the Vancouver *Daily Province* of Monday, May 29, 1944, in which is reported a speech by the Hon. David Wilson, High Commissioner of New Zealand to Canada. I quote:

> A shilling tax on every pound of income, and a registration fee of one pound per year per person pays for the majority of the benefits of social security in New Zealand, Hon. David Wilson, High Commissioner for New Zealand to Canada, said at the Sunday evening forum at St. John's United Church.

He goes on to make a speech on that. I simply wanted to make that correction because the hon. gentleman is wrong about it, as he is every once in a while. I do not object to that, because I am sometimes wrong myself; but he is so positive he is right when he is wrong.

Mr. GILLIS: You must remember that in New Zealand in financing this war they changed their financial arrangements half a dozen times.

Mrs. CASSELMAN: It was the social security Act of New Zealand of 1938, I feel sure— £1 a year for males over twenty, and somewhat less for males between sixteen and twenty, and for all women.

Mr. ILSLEY: Yes. The hon. gentleman is wrong again. He cannot say it was just since six months ago.

Mr. GILLIS: Have you got what it covers?

Mr. ILSLEY: Social security.

[Mr. Gillis.]

Mr. GILLIS: Complete?

Mr. ILSLEY: Yes.

Mr. GILLIS: Unemployment insurance, medical set-up, hospitalization and all the rest of it?

Mr. ILSLEY: I am quoting from the speech but that is not the point at all. The point is that there is the pound in addition to the five per cent for social security, and I am not going to carry it any farther with the hon. gentleman because once before I did. It was about the R.C.M.P. or something of that sort. I depended on what my hon. friend was saying. I asked him if he was sure about what he was saying because I could not deny it and I found out next day he was wrong about that. I am just asking him to be a little more accurate in these matters of figures in the house.

Mr. GILLIS: I do not remember anything about the R.C.M.P.

Mr. ILSLEY: I can remind my hon. friend of it.

Mr. GILLIS: The minister cannot bring the record in here.

Mr. ILSLEY: I certainly can.

Mr. GILLIS: No; because what I advocated about the R.C.M.P. at that time has been fixed up.

Mr. ILSLEY: My hon. friend was entirely wrong in his figures.

Mr. GILLIS: No; the only time I was wrong in my figures about the R.C.M.P. with the Minister of Justice I rose an hour later and drew it to his attention and told him I was wrong.

Mr. GRAYDON: I do not think the minister or the hon. gentleman are very sure about this thing. I think we had better go on with the business.

Mr. ILSLEY: So do I.

The ACTING CHAIRMAN (Mr. Golding): Shall the item carry?

Mr. KNOWLES: Quite a few questions were put to the minister and I am sure we should like to hear from him.

Mr. ILSLEY: If everybody is through—

Mr. HANSELL: Everybody is not through.

Mr. ILSLEY: I thought it was too good to be true.

The ACTING CHAIRMAN (Mr. Golding): The hon. member for Edmonton East has the floor.

Mrs. CASSELMAN: I have tried to get the floor before, Mr. Chairman. I just wish to say I do not want to repeat what has been said to-night; but I think all of us can speak on this question of old age pensions because we have all had them very much at heart and we should like to see an increase in the standard of living of our old people.

The Minister of Labour has expressed vigorously some of the things I should like to have said had there been time. We all recognize, of course, there are administrative difficulties because it comes under provincial and dominion administration. We have overcome some of the difficulties that could be overcome and we shall overcome others. We are all glad to have the minister's statement of a few days ago that all, or substantially all of the provinces that wish to have a decrease in the age will be given consideration. I also wish to join with the hon. member for Kootenay West in his references to pensions for the blind and the splendid work that the Canadian Institute for the blind is doing. That institute and the War Amputations' Association of Canada are helping a great deal at the present time those who are disabled in this war. They meet the cases at Halifax as they come back. They correspond with the relatives of the men who are disabled. They help to bring both to a better frame of mind in order that the adjustments which are necessary may be made when a man is disabled or injured in this war. I was also interested in the statement made by the hon. member for Peel, the leader of the opposition. Last night we both listened to Mr. Tomlinson's speech; I had the privilege of talking to the hon. member for St. Paul's later and he told me that in a Toronto hospital the same kind of treatment was given to the men disabled in somewhat the same way as Mr. Tomlinson spoke of. Those men were being treated similarly and are placed in industry in Toronto and made self-supporting. I think the training is an excellent thing because it teaches them to be self-supporting and independent. The early training is good.

My impression of the Canadian Institute for the Blind which gets a grant from the government and looks after the children sent to the blind schools is that when the children leave the home and are taken in by that institute it pays the bills. I am not exactly sure of that, but that is my impression. I shall look it up. I just wish to speak on these matters and, if there were time, there is a great deal more I should like to say.

Mr. HAZEN: When the minister makes his reply would he put on record the figures of the average old age pensions paid in each of the provinces at the last date he has available. I have the figures here but they are up only to April 12, 1943. Evidently we have later figures, because he referred to the average each year, the average payment in Nova Scotia. If he has the figures, perhaps he could give us the number of persons receiving pensions as well.

Mr. KNOWLES: That data will be found in *Hansard* of March 23 up to the end of last year.

Mr. ILSLEY: I have a lot of figures. Perhaps I had better look at *Hansard* to see what the hon. member has asked for and put it on *Hansard* later on rather than put on something that is not just what the hon. member is seeking.

Mr. KNOWLES: A partial answer to that will be found on *Hansard* of March 23 of this year at page 1744. There will be found the number of old age and blind pensioners in each province, the average old age and blind pensions in each province as at December 31, 1943. The minister may have later information, but that gives it to that date.

Mr. ILSLEY: Yes; all right.

Item stands.

Progress reported.

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

Monday, June 5, 1944

The house met at three o'clock.

CITY OF OTTAWA

JOINT COMMITTEE OF BOTH HOUSES—CONCURRENCE IN FIRST REPORT

Mr. J. E. MATTHEWS (Brandon—for Mr. Gregory) moved:

That the first report of the joint committee of both houses to review the special problems arising out of the location of the seat of government in the city of Ottawa, presented on June 1, be now concurred in.

Motion agreed to.

ALCOHOLIC BEVERAGES

RATIONING OF BEER AND SPIRITS—ONTARIO AND QUEBEC—STATEMENT OF PREMIER DREW

Hon. C. W. G. GIBSON (Minister of National Revenue): Mr. Speaker, I wish to make a statement with reference to an announcement recently made by the premier of Ontario concerning the ration of spirits in

that province. Colonel Drew referred to the difference in the amounts authorized by the provinces of Quebec and Ontario, and stated:

There may be some good explanation for this striking contrast in ration, but there can be no doubt of the effect of this situation upon the minds of those who come in contact with it.

Under P.C. 11374, the wartime alcoholic beverages order, the provinces are restricted to receiving each year for sale seventy per cent of the spirits which they received during the year ended October 31, 1942.

Each province receives the same percentage. All are treated alike, and there is therefore no foundation for any suggestion of discrimination.

Although this fact is well known, efforts are constantly being made to create an impression that Quebec is receiving preferential treatment over other provinces, particularly Ontario. The following table gives a comparison of spirit and beer consumption in these two provinces during the year ended October 31, 1943, the first complete year under the restriction order:

	Spirits		
	Domestic (proof gallons)	Imported (proof gallons)	Total (proof gallons)
Ontario...	942,640·33	207,178·81	1,149,819·14
Quebec....	959,948·69	203,698·51	1,163,647·20

	Beer Delivered under 90 per cent quota (gallons)
Ontario	36,993,411
Quebec	27,947,571

It will be noted that although Quebec received 13,828 proof gallons of spirits more than Ontario, Ontario consumed over nine million gallons of beer more than Quebec. Expressing it in another way, Quebec received 1·2 per cent more spirits, while Ontario received 32·4 per cent more beer.

One obvious reason for the discrepancy in the ration between provinces lies in the variation in the number of permits issued. I observe from a recent advertisement of the liquor control board of Ontario that in January, 1943, when the permits issued by the province totalled 155,295 the monthly ration was 160 ounces. According to the same source, in March, 1944, the province had issued 1,282,938 permits, and the ration at that time was 26 ounces. I do not know how many permits are outstanding in Ontario at the present time. In one Ontario city a man has recently been prosecuted for having no less than 63 permits. The best answer to Premier Drew's allusions to the relative ration of Ontario and Quebec seems to be made by the chairman of the Ontario liquor commission, who says in the advertisement, "It is a problem in simple arithmetic," and goes on to state that:

The increase in the number of permits and the extent to which permit holders are purchasing spirits each month makes it necessary to reduce the amount which can be purchased by permit holders in Ontario.

Attempts are also being made to becloud the issue by drawing attention to the stocks of spirits which are held in warehouses. As far as the federal government is concerned, there has never been any suggestion that the restriction placed on the consumption of spirits was attributable to a shortage of supply. The Prime Minister made it clear in his speech of December 16, 1942, that the restrictions were being imposed to ensure a total war effort, and the reasons which he advanced at that time are not only valid to-day, but as the hour of our greatest trial approaches they possess added significance.

Mr. GRAYDON: Is the minister prepared to table the correspondence which appears to have passed between the premier of the province of Ontario and the federal government relating to this problem?

Mr. MACKENZIE KING: The correspondence was between the premier and myself. I shall be happy to see that it is tabled.

QUEBEC SAVINGS BANKS ACT

DECENNIAL REVISION

Hon. J. L. ILSLEY (Minister of Finance) moved for leave to introduce bill No. 131, to amend the Quebec Savings Banks Act.

He said: The Quebec Savings Banks Act is amended each ten years, just as the Bank Act is. I have not before me a list of the proposed amendments, but they will be apparent when the bill is reached.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 119, for the relief of William Taffert.—Mr. McIlraith.

Bill No. 120, for the relief of Belle Bailey Leibovitch.—Mr. McIlraith.

Bill No. 121, for the relief of Gertie Shulman Friedman.—Mr. McIlraith.

Bill No. 122, for the relief of Sarah Slutsky Shapiro.—Mr. McIlraith.

Bill No. 123, for the relief of Jessie Dickson Mackie Toy.—Mr. Hill.

Bill No. 124, for the relief of Angele Pauline Edgar Marie Lambert Choux.—Mr. Fulford.

Bill No. 125, for the relief of Margaret Kathleen Hollenback Fortin.—Mr. Fulford.

Bill No. 126, for the relief of Hulda Van Koughnet Lynch-Staunton.—Mr. Boucher.

Bill No. 127, for the relief of James MacMillan McHale.—Mr. Homuth.

Bill No. 128, for the relief of Vernon Ross Aiken.—Mr. Boucher.

Bill No. 129, for the relief of Frederick Richard Channon.—Mr. Factor.

Bill No. 130, for the relief of Ernest Charles Hazard.—Mr. Whitman.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

BICYCLES

Mr. BLACK (Cumberland):

1. Has the government or the wartime prices and trade board fixed the sale price and number of bicycles sold in Canada?

2. What are the delivered sale prices and number of such bicycles sold each year in each of the following provinces: Ontario, Quebec, New Brunswick, Prince Edward Island and Nova Scotia?

3. Does the manufacturer, dealer, government or purchaser pay the freight?

Mr. ABBOTT:

1. Yes. Under the provisions of wartime prices and trade board order A-694, the administrator of fabricated steel and nonferrous metal has jurisdiction over the production, manufacture, and design of bicycles sold in Canada. Prices have been fixed by the board on the basis of the consumer value of the wartime model.

2. The delivered sale prices and number of such bicycles sold in each of the years 1941 to 1943 inclusive are as follows:

Consumer prices	Men's	Ladies'
Ontario and Quebec	$42 50	$43 50
New Brunswick, Nova Scotia, P.E.I.	45 00	46 00

Number sold	1941	1942	1943
Ontario	38,880	28,205	20,608
Quebec	20,625	15,325	10,593
New Brunswick	3,534	2,413	1,638
Nova Scotia	3,611	2,728	2,005
Prince Edward Is.	640	466	297
Totals	68,290	49,137	35,141

3. The purchaser pays the freight charges in the fixed prices established by order A-463.

LABOUR CONDITIONS—VACATIONS WITH PAY, ETC.

Mr. FACTOR:

1. (a) How many vacations with pay plans were made effective during 1943 by the national war labour board, the regional boards and other bodies having such jurisdiction; (b) how many employers and employees were affected by the plans; (c) what is the estimated cost to industry?

2. What is the estimated amount, in money, that wage earners in Canada have received as a consequence of wage and cost of living bonus decisions by the national and regional war labour boards during 1943?

3. (a) How many investigations were made in 1943 by industrial disputes inquiry commissioners into cases of dismissal for union membership or activity under P.C. 4020; (b) how many dismissed workers were involved; (c) what disposal was made of the cases investigated?

4. How many workers in Canada were members of trade unions at the end of each year since 1939.

5. What was the percentage increase in membership at the end of 1943, as compared with the end of 1939?

6. How many votes to determine the collective bargaining agency have been held in industrial establishments as a result of proceedings under federal labour legislation since January 1, 1940?

7. How did such votes affect the settlement of disputes under the legislation?

Mr. MARTIN:

1. (a) 1,007. (b) 549,863 employees; 1,007 employers. (c) It is not possible to estimate the cost of vacation-with-pay plans. The standard plan allows employee one-half day vacation with pay in any year for every 25 days actually worked during previous year. Under the standard plan an employee may become entitled to not more than six days' vacation with pay.

2. $85,457,640.

3. (a) 32. (b) 179. (c) of 179 employees in 32 cases, 71 were reinstated voluntarily; 21 were reinstated by order of the Minister of Labour; 21 were found dismissed for cause; 36 were found dismissed for economic reasons; 21 left employment of their own accord, and 9 did not wish ot return.

4. Number of workers in Canada who were members of Trade Unions at the end of 1939, 358,967; 1940, 362,223; 1941, 461,681; 1942, 578,380; 1943(a), 660,000(a).

(a) Estimated, because returns for the end of 1943 are not yet complete.

5. The estimated percentage increase in membership at the end of 1943 as compared with the end of 1939 is 84 per cent.

6. 185.

7. Of 185 representation votes 64 were taken by the Department of Labour in connection with disputes involving procedure under the Industrial Disputes Investigation Act and 121 were consent votes taken by the department on request of the parties.

In the 64 cases where votes were held in connection with Industrial Disputes Investigation Act procedure, settlements were obtained in 40 instances; settlements were not obtained

in 11 instances; and in 13 cases the persons petitioning for the vote were not supported by the employees concerned and the cases were considered closed.

In the 121 cases involving consent votes, settlements were obtained between the employees and employers based on the result of the vote. In cases of consent votes there is usually little difficulty in arriving at a settlement inasmuch as the parties usually give a prior commitment that they will abide by the result of the vote. In the overwhelming majority of cases settlements followed the vote.

MONTREAL, LIGHT, HEAT AND POWER—INCOME AND EXCESS PROFITS TAX

Mr. STOKES:

Has the taking over of the Montreal Light, Heat & Power Consolidated by the province of Quebec resulted in that company no longer being liable for dominion income and excess profits taxes?

Mr. GIBSON: The expropriation by the provincial government of the corporation's facilities for the generation and distribution of electricity and gas will not alter the status of the corporation as a taxpayer liable to dominion income and excess profits taxes on the income from its remaining assets.

ALTERNATIVE SERVICE WORKERS—RED CROSS CONTRIBUTIONS

Mr. WEIR:

1. What is the arrangement whereby alternative service workers contribute part of their earnings to the Canadian Red Cross society?

2. How much has been paid to the society to April 30, 1944, giving the breakdown by treasury offices?

3. What was the balance unpaid of such moneys on April 30, 1944?

Mr. MARTIN:

1. The arrangement whereby postponed conscientious objectors contribute a part of their earnings to the Canadian Red Cross society is in accordance with order in council P.C. 2821, section 5—

(5) The employment of any person under this section shall be subject to the terms set out in the order pursuant to which the employment was accepted and to the following provisions:

(a) If the employment is in agriculture, the employer shall supply board and lodging for the employee and in addition thereto shall pay in respect of the employment such wages as may be prescribed by the minister:

(b) if the employment is outside agriculture, the employer shall pay in respect thereof wages at the rate, if any, fixed by collective agreement for the place where the work is to be performed, or, if there is no such agreement, at the rate paid by good employers;

(c) If the employment is in agriculture, the employer shall pay to the employee, out of wages payable to him under this subsection, twenty-five dollars per month, unless the wages are less than twenty-five dollars per month, in which event he shall pay him the full amount thereof;

(d) if the employment is outside agriculture, the employer shall supply board and lodging to the employee or pay him an allowance fixed by the minister in lieu thereof and shall in addition pay him.

(i) The amount by which the wages payable in respect of the employee exceed the aggregate of the allowance for board and lodging as fixed by the minister and amounts which he is required by law to pay out of the wages to other persons, if such amount is not in excess of twenty-five dollars; or

(ii) twenty-five dollars per month if the amount, by which the wages payable in respect of the employee exceed the aggregate of the allowance for board and lodging as fixed by the minister and amounts which he is required by law to pay out of the wages to other persons, is in excess of twenty-five dollars; and

(e) the employer shall, each month, pay to the Canadian Red Cross society, or to some person designated by the minister to receive it on behalf of the Canadian Red Cross, the amount by which the wages payable in respect to the employee for that month exceed the aggregate of

(i) the amount payable to the employee under this subsection;

(ii) amounts, if any, which he is required by law to pay to other persons and

(iii) if the employment is outside agriculture, the allowance for board and lodging prescribed by the minister and

(iv) the amounts, if any, which he is authorized or directed by the alternative service officer to pay to any person as an allowance for the maintenance of dependents of the employee or for hospital, dental, or medical services rendered the employee.

A postponed conscientious objector who is directed to employment in agriculture or other essential industry may be required to sign an undertaking or become a party to an agreement between himself and his employer whereby a portion of his earnings is paid to one of the chartered banks of Canada

to the credit of the Canadian Red Cross society. The employer pays the going wage rate; the conscientious objector receives twenty-five dollars per month together with board and lodging or the equivalent thereof; the Canadian Red Cross society receives the balance less statutory deductions. Where a postponed conscientious objector has dependents, dependents allowances may be granted and paid to the conscientious objector out of that portion of his earnings accruing to the Canadian Red Cross society.

2. Treasury office at	Amount paid
Moncton, N.B.	$ 518 35
Montreal, P.Q.	615 00
Toronto, Ont.	75,425 68
North Bay, Ont.	3,633 59
London, Ont.	138,011 87
Winnipeg, Man.	127,032 70
Saskatoon, Sask.	44,248 81
Edmonton, Alta.	30,409 69
Vancouver, B.C.	88,142 34
Total	$508,038 03

3. $72,576.77, which includes current month's billings not due.

NATIONAL DEFENCE—"THE BENNY FARM" PROPERTY, MONTREAL

Mr. BRUCE:

1. Are there plans being made for the construction on the Benny farm or Sherbrooke street site in Montreal of a hospital for the Department of National Defence? If so, what will be the size and capacity of the said hospital?

2. Will the hospital of the Department of National Defence be connected with or in any way associated with the new neurological hospital?

3. What is the expected date for the completion of each of the above-mentioned hospitals?

Mr. MACDONALD (Halifax):

1. No.

2. Answered by No. 1.

3. Answered by No. 1.

QUEBEC FARM LABOUR OFFICE—ELIE LALUMIÈRE

Mr. LACOMBE:

1. Is there an employee by the name of Lalumière at the Quebec farm labour office, located at No. 31 St. James street west, Montreal?

2. If so, what are his duties, and christian name?

3. How long has he been employed by the dominion-provincial organization of farm labour for Quebec?

4. What is his salary?

5. Is his salary paid by the dominion government or by the province of Quebec?

6. Is the Quebec farm labour office a dominion-provincial body?

7. Is the dominion government paying part of the expenses of such body? If so, in what proportion?

Mr. MARTIN:

1. Yes.

2. Elie Lalumière. His duty is to interview prospective farm workers.

3. He has been employed by the Quebec farm labour supply bureau since April, 1943.

4. $1,800.

5. His salary is paid equally by the dominion government and the Quebec government under the dominion-provincial farm labour agreement.

6. The Quebec farm labour supply office has been established by the Quebec Department of Agriculture under the dominion-provincial farm labour agreement.

7. The dominion government is paying 50 per cent of the costs of the operation of this office by arrangement under the dominion-provincial farm labour agreement.

INTERNMENTS—CAMILLIEN HOUDE

Mr. LACOMBE:

1. Has the honourable the Minister of Justice or his department received a report from the advisory committee which, about a week ago, in Fredericton, examined the application for the release of Mr. Camillien Houde from internment camp?

2. If not, will the Minister of Justice ask the committee to send a report concerning the inquiry?

3. Has the Minister of Justice received during the past two weeks, from certain public bodies, such as the labour unions of Canada, petitions asking for the immediate release of Mr. Camillien Houde from internment camp?

Mr. ST. LAURENT:

1. No.

2. The committee may be expected to make its report in due course without any special request being necessary.

3. Two resolutions, one stating in effect the opinion that the liberation of Camillien Houde would not jeopardize the saftey of the allied cause, and the other requesting that he be released at an early date, have been received from two labour union lodges of Montreal.

QUESTION PASSED AS ORDER FOR RETURN

LEGAL SERVICES, MONTREAL DISTRICT

Mr. LACOMBE:

1. What are the names of the barristers or law firms, in the cities of Montreal, Lachine, Verdun and Longueuil, (a) that have received fees from the dominion government or any commission or board of said government, since January 1, 1937; (b) to whom fees from the dominion government or any commission or board of said government are still due and payable?

2. What is the amount of fees paid to date to each of said barristers or law firms; for what year and for what professional services?

3. What fees are still due to each of said barristers and law firms, and for what professional services?

4. What are the names of the barristers or law firms now employed by the dominion government or any commission or board of said government in the above-mentioned cities?

MOTIONS FOR PAPERS

MONTAUBAN, QUE., ZINC-LEAD MINE

Mr. GAUTHIER:

For a copy of all correspondence, letters and telegrams exchanged between the dominion government and the government of the province of Quebec, or any other person, association or municipal council, concerning the closing of the zinc-lead mine at Montauban, county of Portneuf.

JAPANESE NATIONALS—CREDITS FOR FISHING VESSELS, REHABILITATION, ETC.

Mr. REID:

For a statement showing the total of all sums collected, to the present time, by the security commission and standing to the credit of those of the Japanese race within Canada, showing, (a) sums of money owing or paid from all property, including farms under the Veterans' Land Act; (b) from fishing vessels, and (c) for rehabilitation purposes.

MOBILIZATION ACT—CANADIAN NATIONAL AND CANADIAN PACIFIC RAILWAYS

Mr. POULIOT:

For a copy of all correspondence exchanged between the Canadian National and Canadian Pacific Railways and the Department of Labour, from April 26, 1943, to June 14, 1943, concerning mobilization regulations of the national selective service.

Mr. MARTIN: Return tabled.

JAPANESE NATIONALS—BRITISH COLUMBIA

Mr. REID:

For a copy of the evidence taken by the commission appointed under order in council P.C. 9498 to inquire into the provisions made for the welfare and maintenance of persons of the Japanese race resident in settlements in the province of British Columbia?

Mr. MARTIN: Return tabled.

BARRIEFIELD MILITARY CAMP—BILINGUAL SECTION

Mr. POULIOT:

For a copy of all letters, memoranda and reports, (a) for the establishment, and (b) for the abolition of courses in French at A-21, C.O.C.T.C., Barriefield, since September, 1941.

Mr. MACDONALD (Halifax): On May 8 the member for Témiscouata asked that he might be given leave to amend his motion by substituting the words "a course in French" for the words "the bilingual section". There is no record of the establishment or discontinuance of a course in French at A-21, C.O.C.T.C., Barriefield, since September, 1941, nor can there be found any letters, memoranda or reports relating thereto.

[Mr. Lacombe.]

Motion dropped.

SELECTIVE SERVICE—RAILWAY BROTHERHOODS

Mr. POULIOT:

For a copy of all correspondence exchanged between the railway brotherhoods and the Department of Labour, concerning any amendment to the mobilization regulations of the national selective service.

Mr. MARTIN: Mr. Speaker, there is no correspondence between the railway brotherhoods and the Department of Labour concerning amendments to the mobilization regulations of the national selective service, as requested by the motion.

Motion dropped.

SELECTIVE SERVICE—LEAVE FOR AGRICULTURAL PURPOSES—PTE. FRANÇOIS LAPOINTE

Mr. BERTRAND (Terrebonne):

For a copy of all documents, petitions, letters, telegrams, medical certificates, concerning various applications for leave, for agricultural purposes, made by Private François Lapointe, D-616300.

Mr. MACDONALD (Halifax): Mr. Speaker, documents of the kind asked for by this motion are considered confidential and it is not regarded as being in the public interest that they should be produced.

Motion dropped.

EXCHANGE OF NOTES

CANADA-BRAZIL—CULTURAL AGREEMENT

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, may I ask if the Prime Minister is yet in a position to make public the provisions of the so-called "cultural" agreement relating to the exchange of professors, teachers and students between Canada and Brazil, which is said to have been signed some days ago? I presume the Prime Minister will table the agreement when it is in shape.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I would say to my hon. friend that the cultural agreement to which he refers was in the form of an exchange of notes between the Canadian

Ambassador and the Foreign Minister of Brazil on May 24 last. As soon as the Brazilian note is available I shall be glad to table the exchange. I might say in the meantime that by the exchange of notes the two governments welcome efforts to facilitate the exchange of official scientific and technical publications, books, magazine articles, et cetera, and the presentation of concerts, lectures, radio programmes, films and art exhibits designed to make each country better acquainted with the cultural life of the other. Within its constitutional powers the Canadian government undertakes to encourage intellectual and cultural exchanges of a reciprocal character with Brazil.

Mr. GRAYDON: Is this the beginning of a development whereby provision will be made for a better system of teaching Portuguese in Canada, having in mind the importance which now seems to attach to the learning of that language?

Mr. MACKENZIE KING: I could not say that it had that design, but I should be pleased if it might have that effect.

PRIME MINISTER FRASER

INQUIRY AS TO INVITATION TO ADDRESS MEMBERS OF BOTH HOUSES OF PARLIAMENT

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I would ask the Prime Minister if the government has extended to the Prime Minister of New Zealand an invitation to address members of both houses of parliament when he honours Canada with a visit in the near future, and if so, whether the invitation has been accepted.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, when I was in London I renewed the invitation to Mr. Fraser to visit Canada which had been extended to him before he left New Zealand to attend the conference of prime ministers. I also intimated to him that I was sure that both houses of parliament would be pleased if he would address their members when he was in Ottawa. He did not give me a definite assurance as to what he might find it possible to do while here, but I have every reason to believe that he will be happy to accept that invitation, and I hope he may be visiting us shortly; I cannot say how soon.

Mr. POULIOT: Does the hon. member for Peel (Mr. Graydon) expect him also to boost the cooperation between the Prime Minister and the Leader of the Opposition, as the Prime Minister of Australia has done?

WHEAT

PRICES FOR 1944 CROP

On the orders of the day:

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, on Friday afternoon last the hon. member for Souris (Mr. Ross) addressed a question to me regarding a press statement. I did not quite follow the question and it was only when I saw *Hansard* that I noticed that I had been asked if any change in the price of wheat for the 1944 crop is contemplated. I thought the hon. member was referring to an entirely different matter. In reply now to the question I wish to assure the hon. member that no change in the $1.25 initial advance for the 1944 crop has been under consideration here or in Washington or in any Washington discussions. This is wholly a matter between the Canadian government and Canadian producers and is not a matter for international consideration.

Meetings of the international wheat council have been and are still being held in Washington, but these are broad international discussions on the wheat situation affecting the various countries interested, particularly in the post-war period. There is nothing to announce at this time from these discussions, nor is any announcement in the near future likely.

LABOUR CONDITIONS

LAY-OFF AT AIRCRAFT REPAIR LIMITED, EDMONTON—QUESTION OF REEMPLOYMENT

On the orders of the day:

Mr. ROBERT FAIR (Battle River): May I ask the Minister of Labour whether employees of Aircraft Repair Limited, Edmonton, who were recently laid off, have yet been placed by selective service or any other agency, and if not when will such placement take place?

Hon. HUMPHREY MITCHELL (Minister of Labour): My hon. friend was good enough to give me notice of his question. I have not yet been able to secure the full information he desires. Employment selective service officers have special instructions to take care of workers involved in plant lay-offs, but details of the disposition of individual workers are not a matter of record at Ottawa. I have however asked for a complete report as to the disposition of workers involved in the lay-off of the aircraft plant of which he speaks. I expect to have this information in a couple of days, and I shall be glad to give it to him.

FARM PESTS

QUESTION AS TO RELEASE OF AMMUNITION FOR DESTRUCTION OF VERMIN

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): I desire to address a question to the Minister of Munitions and Supply. In view of the fact that there have been serious complaints recently from the different agricultural districts of Ontario and other parts of Canada about the great increase of groundhogs, skunks, and other vermin that destroy farm products, will the government give consideration to releasing sufficient ammunition to farmers so that they may clear their farms of these destructive animals?

Mr. SPEAKER: I think that that question might well be placed on the order paper.

Mr. FRASER (Peterborough West): It is a serious condition right now, Mr. Speaker.

Mr. HANSON (York-Sunbury): It is serious at any time.

[*Later:*]

Mr. GORDON GRAYDON (Leader of the Opposition): With regard to the question raised by the hon. member for Peterborough West, I realize that hon. members who do not come from farming districts may regard matters relating to agriculture as, perhaps, something which—

Some hon. MEMBERS: Oh, oh.

Mr. GRAYDON: I am laying a foundation for a suggestion.

Mr. HOWE: This is just politics.

Mr. GRAYDON: My hon. friend the Minister of Munitions and Supply always has one answer for everything, and that is "politics". I was about to say that I encounter people from time to time who think that if some matter is raised with respect to the farmers, major importance should not be attached to it. Now I happen to know, as does the hon. member for Peterborough West, that the question the hon. member asked relates to a matter of great urgency, particularly in western Ontario and in the district from which he comes. There have been a great many complaints, and the matter is urgent from the point of view of production. It is, I believe, a question which an hon. member might properly ask the minister to answer, and to which we should have an answer.

Hon. C. D. HOWE (Minister of Munitions and Supply): The distribution of ammunition for farmers is a matter for the wartime prices and trade board. The ammunition industry of this country is operating at full capacity and has been doing so for a very long time, but the ammunition is being used for other purposes than the shooting of small animals in Canada. I am sure that if any ammunition can be released without jeopardizing the war effort it will be released. This is not a matter of immediate urgency; it has been before departments of government for the last eight months at least, and we are doing the best we can to meet the situation.

Mr. HANSON (York-Sunbury): There is plenty of ammunition in the hands of the wholesalers of New Brunswick, but they cannot let it out.

PRISONERS OF WAR

REPRESENTATIONS BY GREAT BRITAIN TO RUSSIA RESPECTING PRISONERS OF WAR IN JAPAN

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Secretary of State for External Affairs): On Friday last the hon. member for New Westminster (Mr. Reid) stated that he had seen in a dispatch that the Secretary of State for Foreign Affairs of Great Britain had communicated with the Russian government with regard to British prisoners of war in Japan, and he asked if any similar action was being taken by Canada. The question was allowed to stand as a notice.

I might say to him that I notice that Mr. Eden intends to make a further statement to-morrow on that matter. I should prefer to wait until that statement is made before answering the hon. member's question. I will later have a general statement on the position, and more particularly with respect to what Canada has been doing in the matter.

PRIME MINISTER CHURCHILL

SUGGESTED PUBLICATION IN "VOTES AND PROCEEDINGS" OF SPEECH OF MAY 24

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): May I ask the government if the speech delivered by Mr. Churchill in the House of Commons at Westminster, where he summarized the work done by the conference of dominion prime ministers, will be published in the record?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I understand that the question my hon. friend has just asked was

answered on Friday by my colleague, the Minister of Mines and Resources. However, I would say to him I am sure the house will agree that so far as *Hansard* is concerned it should be kept for the purposes of recording the proceedings of this house, not of the British house, and that speeches in the British house would probably find their place in the British *Hansard* and be looked for there.

SUGAR

REPORTED CESSATION OF RATIONING IN THE UNITED STATES—CANADIAN POLICY

On the orders of the day:

Mr. THOMAS REID (New Westminster): I desire to put a question to the Minister of Finance; perhaps it can stand as a notice. It is with regard to sugar. In view of the fact that the United States do not now ration sugar, will the minister make a statement as to the present position in Canada, and indicate whether the restrictions in this country will likewise be lifted?

Hon. J. L. ILSLEY (Minister of Finance): I will make inquiries—I was not aware that that was the condition in the United States—and make a statement.

Mr. REID: So that the minister will know where I got the information, I may say that I was just now in conference with a United States official from the state of Washington who is closely associated with the subject, and he told me that there is now no limit on the purchase of sugar in the United States.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Friday, June 2, consideration in committee of a resolution to grant to His Majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

DEPARTMENT OF FINANCE

Old age pensions and pensions to the blind, $6,942,250.

Mr. HANSELL: A few days ago the Minister of Finance made a statement in respect of old age pensions having to be paid back from the estates of the old age pensioners, and pointed out that the policy was left pretty much with provincial departments of finance. It is my understanding that in the past that has been the regulation. Just what advantage the provinces have taken of it, I do not know, but I do know the effect on old age pensioners. When applying for a pension the applicant is asked to sign a document which hands over as collateral for his pension the little house or home in which he has had considerable pride. Is this a charge against the entire estate, or is it a charge against the property value of the estate up to the amount the minister mentioned? I ask this question because during the last victory loan campaign I was asked if war savings bonds would be considered part of the estate and subject to collection by the provinces in the event of the death of a pensioner. I could not answer the question, nor did I have time on that occasion to get in touch with the minister. Perhaps he will reply to the numerous speeches which have been made, and when he does I would ask him to include an answer to the question I have now asked.

I have always maintained that old age pensions should be paid to our aged mothers and fathers by right of their Canadian heritage. It is my belief that if the nation is to reach the status of a glorious Canadian people, one thing we have to do is to recognize as a right of Canadian citizenship the giving of adequate old age pensions to those who have pioneered in the country, to those who have spent their lives to make the kind of Canada we want.

I should like now to make some observations in respect of the speech delivered on Friday evening by the Minister of Labour. I have a good deal of respect for him, and therefore I am not going to criticize him personally. He is much bigger than I am, and I must be careful of what I say about him. However, as this is a land of free speech I suppose I have some rights when I criticize words spoken by him. This is what he said:

> I think I would advocate contributory old age pensions. I believe that pensions should be paid—I speak now as an individual—to the people of this country by right.

A statement of that kind is, to my mind, a misnomer. One does not have to talk about paying to people by right something that is owed to them. That goes without saying. I do not talk about this country paying me my indemnity by right. By law I am paid so much to indemnify me for what I may lose in my constituency by becoming a member of parliament. I do not have to say that that is paid to me by right; it goes without saying. That is one criticism I would make of the minister's speech.

Conversely to that, what the minister has in mind, of course, is that anything given to our old age pensioners, anything they receive by way of a gift, anything which does not come out of a fund to which they have contributed, is not their right.

Mr. MITCHELL: If I may correct my hon. friend, I do not think he wishes to misinterpret what I said. I still think it is theirs by right, but I think if one helps to pay for a thing, at least he has something to say about how it should be disposed of. That is not theory.

Mr. HANSELL: I do not think the minister has contradicted what I said. If we want to have a Canada such as we should have, then in my view anyone who puts his life into the building of Canada, anyone who has lived as a citizen of our country, should have by right of citizenship and by right of his Canadian heritage an adequate pension paid to him, without his paying for it for years before he reaches old age. If there is a contributory form of old age pensions then we are only paying back to the old age pensioner what he has contributed to the fund in his younger days.

I wish to draw this to the attention of the Minister of Labour, and I want to be as logical as I can. I think he is a logical man and I think he will follow this argument. The Minister of Labour is charged with the problem of finding employment. Very well. Any individual who contributes to old age pension, unemployment insurance, life insurance, or any other form of social services or means by which he can be helped later on, does so out of his wages or salary; therefore he has less to spend on that which is produced. If he has less to spend on that which is produced, then the production to that extent is not sold; and if you follow it to its logical conclusion it means that eventually men are laid off. If they are laid off, their purchasing power is still further reduced and there is more unemployment. I want the minister to think of that, because if it is followed to its logical conclusion there will be less employment in this country. Taking a long range view of this old age pension problem, we see that it will stretch forward into the years of our post-war life, the years when the production of civilian goods will be speeded up, and it will not be very long before we are in the same position as that in which we found ourselves a few years ago when there was what was commonly known as a period of overproduction.

A man and his wife, walking down a street, look into a shop window. Perhaps it is a furniture store. The wife notices a nice piece of furniture, a chesterfield or something of the kind. She would like that beautiful piece of furniture to grace her home. She says, "Well, Pa, what about it? Do you think we shall be able to buy it?" Pa figures it out and he says, "Well, now I don't know, Ma, if I can. I don't think we can buy it now. I have my unemployment insurance, which of course, is a tax. I have some taxes to pay on the property; and then I do not get much of a wage. There is the income tax, and that reminds me that I did not pay my radio licence fee, which is another tax. I shall be having that man after me if I do not pay it. Then of course there is the old age pension tax; this contributory scheme. Oh, no, Ma, I'm afraid I won't be able to buy that piece of furniture for you. I shall have to wait until we get old; then I may be able to squeeze out a little bit." That is the position. By the time this, that and the other thing are taken from a man's wages, how is he to buy back the production of industry? Industry becomes slowed up, and the first thing you know we have a period of unemployment on our hands.

Let me read what the minister said on Friday night as reported on page 3503 of *Hansard*:

> We hear people talk about non-contributory unemployment insurance and non-contributory this and non-contributory something else. Whether you like it or not, anything and everything that is paid by the state is a charge on the living standards of the people of this dominion or any other nation.

I say to the minister that I for one do not believe that statement. I suggest that he is thinking too far back. He is not thinking in terms of a modern technological age when we are able to produce more than we can consume. All I have to do is to bring to his attention the pre-war years, or, if you like, the post-war years when there will be over-production. People have been paid their wages, and for the purpose of my illustration there may even be a period when everybody is more or less employed. But through the advancement of technological skill we are able to produce an abundance. Goods pile up. If there is a surplus of production, does the minister say that if we organize our economic system through a financial accountancy to distribute that surplus to our aged mothers and fathers it will depreciate the standard of living in this country? I should like to have him answer that some time if he cares to.

Mr. JOHNSTON (Bow River): He would rather not.

Mr. HANSELL: It is true that in years gone by there was destruction of our surplus when people were in need. If ever I thought this world was a lunatic asylum it was at that time. I recall reading of a shipload of oranges going out from Liverpool and being dumped into the sea when little children in England needed them. Instead of feeding them to the

children they fed them to the fish. Of course, economists from such schools as the London School of Economics, if you like, would say: But the children did not have any money to pay for them. Well, that is true; neither did the fish, but the fish got them and the children who needed them had to go without. We all remember the coffee from Brazil that was burned and dumped into the sea. We all recall blankets being destroyed and cotton ploughed under in the United States. Does the minister say that if instead of destroying those goods we arranged our economy in such a way as to distribute them to the aged and the needy it would reduce the standard of living in this country? That is something for him to think about.

The minister in his remarks on Friday night went on to say:

> Whether you like it or not,—

That is a nice preface to a statement.

> —anything and everything—

There is a positiveness about this. He is so sure about it.

> —everything that is paid by the state is a charge on the living standards of the people of this dominion or any other nation.

Then listen to this:

> History has proven that pride is the backbone of a nation.

Well, for a little while I am going to talk about pride. I am going to ask the minister if it is anything to be proud of when our economic arrangement is such that we have to destroy goods instead of distributing them.

Mr. MITCHELL: I am sure my hon. friend is not suggesting that I said we should destroy goods.

Mr. HANSELL: No; the minister said that people could not get something for nothing. We cannot give them the goods, so if they cannot be sold they must be destroyed; that is the logic of it.

Mr. MITCHELL: That is the weakness of your argument.

Mr. HANSELL: No, it is not my argument, and I do not know whether it is the minister's, but that is actually what has been done and it is exactly what will have to be done if the present economic arrangement is not changed. There is only one other way to deal with it; that is to give people enough purchasing power over and above wages to buy the surplus of goods, and you can start with the old age pensioner. As the hon. member for Jasper-Edson suggests, we are giving fifty per cent of our production to the enemy now and making no bones about it. I heard a story once about little Johnny. When he was a small boy he wanted a tricycle, but his father could not buy him one because he had no money. When Johnny got a little bigger he wanted a bicycle, but his father could not buy it for him because he had no money. A little later he thought he would like a car, since he was growing up, but his father could not buy one, and if Johnny wanted a car he would have to make it out of some old junk. Finally the time came when he did not want to live on his father any longer, so he began to tramp the roads of the country, to ride the rods, frying eggs by the side of the railroad track in the midst of abundance. Then war broke out; economic necessity laid hold of him and said, "Johnny, how would you like to have three meals a day and a suit or two suits of clothes?" Johnny replied, "What do you mean?" "Well, come with me and sign on the dotted line and you will get them." So he went and signed on the dotted line and got three meals a day and two suits of clothes. Then one day they came along and said, "Johnny, how would you like a nice education?" Johnny replied, "Are you going to give me a good education?" "Yes, we will give you an education that will cost $25,000." But Johnny said, "I could not possibly afford that." The reply was, "Oh, you don't need to pay for it; we will pay for it." So they took him and made him a pilot, at a cost of $25,000. After that they said, "How would you like a nice railroad trip?" He replied, "Well, I had many of those railroad trips before the war, and I got very tired of them; I used to ride the rods." "Well, you will not have to ride the rods now; we will even give you a berth to sleep in." "You are going to give it to me?" "Yes, we will give it to you." So he went all the way to Halifax. Then they asked, "Would you like a nice trip over the ocean?" and they took him over the ocean to a bomber field in England and said, "Look at that machine." He said, "Boy, isn't she a big one?" Then they said, "Here is a big bomber; how would you like to fly it?" "I couldn't afford to fly that; I could not buy the gasoline to fly even a mile." "Oh, that makes no difference; jump in." So Johnny jumped in and began to fly it all round. Eventually they said, "How would you like to fly over Germany?" "Well, I wouldn't mind; it has not cost me anything so far." But before leaving for Germany that afternoon they wheeled out the bombs and Johnny asked, "What are those?" "Oh, these are bombs." "How much did they cost?" "Oh, we couldn't tell you; thousands of dollars. Now we want you to take them over to Germany, and when you

get over there we want you to give them to the Germans." "What, give them to the Germans? Are you not going to charge anything for them?" So he took them over Germany and gave the bombs to the Germans. As he was flying back he thought, "My, that is a great idea. I never knew they could give things away like that. Why could we not have a system after the war under which we could fly over Canada and, instead of dropping bombs, drop washing machines, furniture and things like that?"

That is the logical sequence. In time of war we are able to give a large part of our production to the enemy, but we are not able to give any of our surplus to our aged people in time of peace. When the minister talks of pride I tell him that I will have plenty of pride in a nation that provides for its aged people out of the abundance of its production and its surpluses. Suppose we came to a place in our economy when we provided all these things for our people; when, as they grew older, they retired on an adequate pension, not a pinch-penny $25 or even $30 a month, but $50 or more if necessary. Raise the ante, as long as there is a surplus of production. Imagine the minister and his friends who hold the same philosophy saying, "Well, I do not know whether or not I am proud of that. I think perhaps I had better go to some other country where they charge us in our youth for that which we may get if we live long enough to receive it." He ridicules the idea of something for nothing. I wonder if the minister has ever considered that some of the most precious things of life are given us for nothing. The very air we breathe we get for nothing, unless we want to listen over it; then we have to pay.

Mr. POULIOT: It is not a good thing to mention that to the minister.

Mr. HANSELL: I want him to see if there is anything wrong in the philosophy of something for nothing. The energy that comes from the sun; the rain—these are given to all, rich and poor alike.

Mr. HANSON (York-Sunbury): It has to be harnessed.

Mr. HANSELL: That is true; I am only saying that these things are given to us for nothing, and they are given to rich and poor alike. Let us take another example, if the hon. member for York-Sunbury objects to that one. Here is a young man who inherits a million dollars. If he holds the views of the minister he will say, "Oh, pride forbid; I could not take that, for it is something I am getting for nothing." All I say is that I have not a rich uncle or a rich father and mother, but I belong to a rich country. I belong to a country whose citizens have a heritage far greater than that of any other country in the world.

At page 3503 the minister goes on to say:

> I have given what I have always considered to be my philosophy of life. It is as old as history itself.

Of course; that is what is wrong with it.

> And remember this, that any state which started out to kid the people that it was giving something away for nothing has ended up in the ash can.

The hon. gentleman starts off as Minister of Labour; then he takes the part of a great economist, and now he has become a great historian.

> It may be that we now have a new formula; I do not know. I sincerely hope, with all my being, that we have. But human nature being what it is, and in the light of history, there is reason for doubt. One could read the history—

Then he refers to Carthage, Rome, Greece and "other civilizations and nations". Surely the Minister of Labour is not going to compare modern civilization with bygone dynasties. Some of us have read a little history. Those days were days of scarcity; and furthermore, there was a vast distinction between the rich, or the aristocracy, and the slaves who laboured by the sweat of their brow to provide for the rich. That day may not be completely gone economically, but I am certain that the minister cannot compare our modern age, our modern country and our modern civilization with bygone days and bygone nations. I think that is enough for the Minister of Labour.

A little later I was interested in listening to the speech of the hon. member for Cape Breton South. I usually enjoy his speeches because he is quite human and understanding, but I must confess I was a little amused when he tangled with the Minister of Finance over the matter of taxation or contributions given to this or that fund in New Zealand and here. I could not help thinking to myself, "Are they fighting over which system of taxation is the best?" I was tempted to say, "Why any taxation at all?" I say that with all sincerity. I do not believe there is any need for the extreme taxation that we have had in this country. I am not going to criticize what is happening at the moment, because we know that there is a vast depreciation in time of war in all civilian goods and that much of our money must be spent for munitions of war and goods of that nature. I am talking of normal times, when we get back to our quiet, peaceful life. In those days I see no reason for the taxation that has bled the people of this country white.

In this connection I want to read from a book written by Major Douglas, "Monopoly of Credit". I make no apology for quoting any first-rank social crediter.

Mr. WEIR: Mr. Chairman, I rise to a point of order. The hon. gentleman is proposing to discuss a matter dealt with by Major Douglas. We are dealing with old age pensions in Canada.

The CHAIRMAN: I have no doubt that a large part of the matter dealt with by the hon. member for Macleod has been out of order. We have been discussing old age pensions, and I hope that hon. members will keep within the orbit of the item.

Mr. HANSELL: I am sure I will keep within the rules. Most of my time has been taken up in criticizing the Minister of Labour.

Mr. MITCHELL: Stay with the Minister of Labour.

Mr. HANSELL: If I was out of order, then he must have been out of order. I intend to refer to contributory old age pension schemes, which are a form of taxation. I shall soon be finished, so that the hon. member who has raised the objection need not worry. Major Douglas says—

Mr. MITCHELL: Who is Major Douglas?

Mr. HANSELL: My hon. friend knows.

The CHAIRMAN: I do not believe the committee is discussing a contributory old age pension scheme; it is discussing the operation of old age pensions in Canada. I do not see how the discussion of that type of scheme would be relevant.

Mr. HANSELL: I am not going to argue the point, but I will say that on Friday night the Minister of Labour went out of his way to advocate a contributory old age pension scheme. I am only reading from what I regard as the greatest authority in the world on this matter.

Mr. JAQUES: And a Scotsman at that.

Mr. HANSELL: And a Scotsman, such as my hon. friend praised the other day. I want to quote what he says about contributory schemes. He states:

> In passing it may be noted how the power of taxation has grown into a form of oppression beside which the modest efforts of the robber barons of the middle ages must appear crude.

And again:

> Modern taxation is legalized robbery, and it is none the less robbery because it is effected through the medium of a political democracy which is made an accessory by giving it an insignificant share in the loot. But I do not think robbery is its primary object.

I will not read any more. I will conclude by saying that a contributory scheme of this kind, being compulsory, would mean confiscation. To my mind confiscation is to steal; to steal is to rob, and those who steal and rob are thieves and robbers. There is only one solution for the old age pension problem and that is the adoption of a philosophy which provides a national dividend as a right of citizenship. The Minister of Finance will make a name for himself in Canada—I suppose he has a name already; I think he is well respected in many quarters—he will move history and move this country if he adopts the principle that will make it possible to provide a national dividend, and he can get off to a good start with our aged mothers and fathers.

Mr. FRASER (Peterborough West): When a blind person marries another blind person his pension is reduced to $120. That seems hardly fair. In many cases a blind person needs someone else to look after him. I contend that the blind pension should be doubled in order to provide for this extra care which many blind persons need to help them out. Many accidents have occurred to blind persons because they tried to look after themselves. The government would be well advised to increase the blind pension. I was very much interested in what the hon. member for Kootenay West (Mr. Esling) said the other night, and I agree that the age limit should be reduced and the pension increased. The age limit should be reduced below twenty-one years, because there are many who have been blind from infancy.

Mr. MITCHELL: I thought my hon. friend was advocating reducing the age limit for old age pensions to twenty-one years.

Mr. FRASER (Peterborough West): No; I am talking about blind pensions. Can the minister make a statement with regard to one blind person marrying another?

Mr. ILSLEY: The pension is reduced to discourage the marriage of two blind persons.

Mr. HLYNKA: To my way of thinking there is no old age pension scheme in Canada to-day. What we have is pauper's relief for those who are seventy years old and over, and are able to prove that they are absolutely destitute, and can produce a birth certificate and other documents to prove their age and their economic position. I repeat; a citizen must be over seventy years of age and be absolutely destitute before he can qualify for this pauper's relief. In my opinion anyone who administers this pauper's relief as it stands in Canada to-day should hesitate

before he speaks about it, because the results are a condemnation of any government and not a credit to a civilized people. I suggest to you, Mr. Chairman, that a conscientious and self-respecting farmer treats his old horses better than we have treated our old worthy pioneers, the old age pensioners. What we need in Canada is a retirement allowance. No pauper's relief under the old patched-up legislation will do. The present act should be discarded and thrown in the waste-basket, and a more humane legislation should be passed.

I do not apologize for taking the time of the committee to speak on the problem of old age pensions. Several aspects of this problem have already been dealt with, but I wish to touch on some aspects which have been either inadequately dealt with or omitted altogether.

I suggest to the minister and the government that all citizens who no longer possess the power to earn a living should be automatically granted a retirement allowance adequate to provide them with a decent standard of living. If a Canadian citizen has lost his earning power he should be immediately granted a pension whether he is over sixty years of age or below sixty years of age. Those reaching the age of sixty who have not the power to earn for themselves a decent standard of living should be given a generous retirement allowance. The amount of the retirement allowance should be such that our worthy pioneers could live in comfort and dignity. It could easily be fifty dollars a month for each individual pensioner.

Besides this regular monthly allowance our aged people should be provided with medical and dental care. Very few who have spoken in this debate so far have mentioned the importance of medical and dental care which our old people require. I suggest that the physical condition of each old age applicant be checked on applying for pension, and if medical or dental care is required money should be provided for it.

Mr. MacNICOL: I am under the impression that Ontario grants medical care. I know that the old age pensioners have been getting it.

Mr. HLYNKA: To my knowledge no province in Canada—

Mr. MacNICOL: I am speaking from knowledge. I know that the old age pensioners in Ontario were getting medical care, and they are still getting it unless a change has been made recently.

Mr. LALONDE: It is the same in the province of Quebec, where the aged receive medical care from the health units.

Mr. HLYNKA: If hon. members who have just interjected are ready to state that the old age pensioners in Ontario and Quebec are receiving medical and dental care, and are provided with glasses when they require them and their teeth kept in proper condition, I will certainly be the first to express my appreciation of what has been done in that regard.

Mr. MacNICOL: I am speaking from knowledge when I say that in Ontario the old age pensioners have been been receiving medical care, and are still receiving it unless some change has been made recently. I cannot speak definitely as to dental care.

Mr. HLYNKA: I have received many letters from old age pensioners across the country who have stated that they need money with which to buy glasses because they can no longer read without them, and they need dental attention. That is why I have included this point in my notes, to bring it before the committee. There is no reason why this nation cannot provide our aged people with complete medical and dental care, provide them with glasses, dentures when they need them, and so forth.

Provision should also be made for funeral expenses of old age pensioners. As things stand to-day, the old age pensioner is forced to put away a few dollars from his meagre twenty dollars a month pension so that he may be buried decently. This country could easily provide for funeral expenses, and let our worthy old pioneers enjoy the few dollars of pension they now receive.

I wish to say a few words on proof of age. I have many letters in my office from applicants who tried to get the old age pension but were turned down on the ground that they were unable to produce their birth certificates. I submit, Mr. Chairman, that a great many of our citizens cannot produce their birth certificates. Many of them come from different European countries where the difficulty of getting birth certificates would be very great. But as the law now stands they must be seventy years of age and produce their birth certificates before they are granted a pension. Surely it is too much to expect that every citizen treasure his birth certificate, keep it in a safe for years so that he can produce it when asked.

Mr. MARTIN: They can make a statutory declaration.

Mr. HLYNKA: I know of many instances in which the old age pension authorities refused to accept a statutory declaration. The applicant is asked to go out and find someone who remembers the day when the applicant was born. That is pretty hard to do, and so I say provision should be made to relieve them of this requirement, particularly those

who have come from European countries and whose birth certificates have been destroyed or lost. This is extremely important to many citizens in western Canada. Perhaps even some members of parliament could not find their birth certificates. Perhaps some of them would not want anyone to know when they were born, because the attitudue of some would indicate that their birth took place somewhere back in the seventeenth century; at lease one might assume that when one hears them speak on measures which are urgently needed to-day.

Another suggestion I would make is that national registration should be used for the preparation of the lists of those qualifying for retiring allowance. Every citizen of Canada has certain obligations to Canada; he should also have certain privileges. If a young man is required for military service, under our laws he is called up, and he must obey the law or he is punished. My suggestion is that every Canadian be accorded similar privileges commensurate with his duties. When he becomes of pensionable age a notice should be sent to him to appear before the board to give a statement of his position. If his income is less than is required to provide a decent standard of living he should be immediately granted his allowance. If a citizen fails to accept his share of Canada's wealth and the heritage to which he is entitled he should be soundly scolded and told that unless he accepts his share it will be distributed among those who are kind enough to accept their cheques. That is the sort of attitude we should take. Again, every pensioner should be allowed to keep property up to a value of $3,500. Why not? He is not going to take it with him when he dies. But no; our present attitude is to grind him down and hold him to the ground to his last day. Surely we should be more human.

In a copy of the "Old Age Pensioner", a publication issued in British Columbia in the interest of old age pensioners, I notice these words:

> Not only was it necessary to have an increase in the pension and reduction of the age limit, but something should surely be done to humanize the regulations and those who administer them. Too long had these worthy pioneers suffered by the indignities placed upon them and it was high time a halt was called.

These words were uttered by a gentleman interested in the subject of old age pensions, in asking the government to humanize the regulations and the handling of the whole problem.

Up until recently in my own constituency very few pensioners got as much as $20 a month. Always there was some sort of deduction. An old mother is usually told to go and live with her daughter or her neighbours or someone else; and if she argues that the daughter has her own children to support and cannot provide her with living quarters, she is then told that she can do anything she wants and that that is the decision of the board and she will have to abide by it.

Mr. ILSLEY: Mr. Chairman, let me correct my hon. friend. The average pension paid in Alberta is $22.82.

Mr. HLYNKA: I agree with the minister; with the assistance that the provincial government of Alberta has given to pensioners—

Mr. JAQUES: I thought it was $30.

Mr. HLYNKA: —some of the pensioners can now receive as much as $30.

Mr. ILSLEY: Let me correct my hon. friend. The average pension is $22.82 exclusive of the provincial supplement.

Mr. HLYNKA: So much the better. But I never ran across anyone in my constituency until these changes were made who received $20 a month. I know what I am talking about. I have never met anyone in my constituency who received that much. There was always a deduction.

Mr. REID: Did the hon. member say, hundreds of them?

Mr. HLYNKA: Hundreds of them.

Mr. REID: He must have a great old age pensioner constituency.

Mr. HLYNKA: Well, I have nearly fifty thousand people in my constituency. I know how anxious the minister and those who sit on the government side are to defend the present system, but let me tell them that these conditions have existed too long; it is about time that the regulations were humanized. I am glad to hear from the minister that the average pension, exclusive of provincial assistance, which is being paid in Alberta is $22.82. Any case which is referred to me in the future of old age pensioners who are not getting their share I intend to pass on to the minister, and I shall see how many of them are granted the amount to which they are entitled. It is all right to talk theoretically about these things, but in practice there is absolutely nothing to be proud of. I have had to go to the boards and try to rectify various cases, but I was told it is simply impossible to do anything because such were the regulations and they had to

abide by them. Naturally those who administer the regulations are in the driver's seat, and the old age pensioner is forced to accept what he is given.

I wish next to plead the case of those who do not speak adequately either the English or the French language. A large number of our Canadian pioneers in the west, particularly in the northern part of the prairie provinces, settled together in blocks. For many years there were no schools in the districts and they had no opportunity of learning the English language. To-day, if they have reached the age of seventy, they cannot obtain a pension because, they are told, "You must be a citizen; you must have your citizenship certificate." If these old folks apply for their citizenship certificates they are told to go home, that certificates will not be granted because they do not know the English language. Surely that is an unfair attitude to take. These people are pioneers; they have contributed much to the development of this country. Is there not at least one minister who would get up and say that now is the time to show our appreciation of what these people have done for this country, in which many of them have lived for fifty years or more? Yet two or three years ago they were celebrating their fiftieth anniversary of their coming to Canada, this very government failed even to send a government representative to their convention. That is not the attitude that makes for true Canadianism. That is not the attitude which should be adhered to. It is about time someone studied the problems of these people with a view to treating them as they should be treated.

I should like now to touch upon the subject discussed by the hon. member for Macleod, when he referred to the oft-repeated phrase, "something for nothing." A large number of members in the house object to that phrase because they would not want the people to know that they can get something to which they are entitled without working for it. Why should the people not be taught just the opposite? Why should they not be told that there is a certain heritage to which each citizen is entitled? That is the point of view we should all take. Certainly we should not raise our voices in ridicule when we speak of heritage. When an hon. member ridicules that expression, or ridicules us by reference to $25 a month, it immediately indicates a process of thinking that I could not possibly describe properly.

Reference has been made to contributory pensions. I suggest the reason why this government, or governments which have preceded it, have not brought in an adequate and proper old age pension scheme or a proper scheme of retirement allowances, is that they did not want to stand in the way of insurance companies and, so that the companies could advertise in the press, and make use of pictures depicting misery, and say, "Unless you buy an endowment policy you will find yourself in a similar position."

That is the catch. I say the people of this nation should support the principle of insurance. They should be insured, but insurance should not stand in the way of the old age pensioner. And if we are going to have—

Mr. ILSLEY: I rise to a question of privilege. The hon. member is going pretty far. I do not think I can remember anyone having gone quite so far as that before to the length of saying that the reason the government is not making a more generous provision for old age pensioners is that it is desirous of helping the insurance companies. I deny that, completely, both for myself and on behalf of the government, and I ask the hon. member to withdraw it.

The CHAIRMAN: We are discussing old age pensions. Surely hon. members should keep within the limit of the item. I have some responsibility in the matter and I must insist that this be done. I have ruled to that effect, and I repeat that hon. members must keep within the item before the committee.

Mr. HLYNKA: I am not going to argue the point, but I must say that if we are to have a contributory pension scheme in Canada we shall undoubtedly have to compete with insurance companies. It will be a choice between one and the other. The point I wish to make is that if the government cannot give our citizens non-contributory old age pensions, the scheme will be of less value, because even as conditions are to-day our citizens can insure on their own behalf. They can insure with one of the insurance companies, and be cared for when they reach the age of sixty years or over. As has been said so often by the hon. member for Lethbridge and other hon. members of this group, every citizen in this nation is entitled to a certain heritage—as a right of citizenship. A right to an old age pension is part of that heritage.

The minister said that I have gone beyond what he expected. However, I have noticed in the last four and a half years that unless one puts a problem straight to the government, the minister under whose jurisdiction the problem comes ignores the representations made, and that is the end of it. I would like the minister to read the letters I receive from old age pensioners. I would like him to read the letters which come from people who are

either refused or receive pensions inadequate to care for them in the circumstances in which they find themselves. Therefore I do not apologize to the committee or to anyone else for urging as strongly as I can upon the government that something more be done with respect to old age pensions.

Mr. JAQUES: Mr. Chairman, I am not going to apologize for making a few remarks on this subject. The only wonder to me is that such a debate as this is necessary in this day and age. I have wondered why there is any opposition or any hesitation on the part of members, or people outside the house. I wonder why there should be any longer any reluctance to pay a decent, civilized old age pension to citizens of Canada who are too old to work and who have failed to provide, as the saying goes, for a rainy day.

It seems to me the opposition springs from two points of view. There are those who still ask where the money is to come from—although I think they are not in as large numbers as they were. The other kind of opposition comes from those who regard thrift, which in their meaning is nothing but the saving of money, as the greatest of all virtues. From that they draw the conclusion that if an individual has not provided for his old age it proves that he has not led a good life, or even a useful one.

Mention has been made of the superiority of the Scot in the matter of thrift. I happened to be in Scotland last winter, and while there met a number of Scotsmen. During a discussion I was told that while the Scots were probably better thinkers than the English, the English had sounder instincts. That reminds me of a story of Doctor Johnson. While in the highlands he was told by some Scotch people, with great pride, that one could buy twenty eggs for a shilling. Doctor Johnson, with the sounder instinct of the English—if I may say so—replied at once, "The reason for that is not the plentiful supply of eggs, but the scarcity of pennies."

The statement has been made that a government can distribute to the people only what money has been previously contributed by them. I hold in my hand a book which was lately sent to me called "Monetary Experiment," by Richard A. Lester. Mr. Lester was born in New York state, educated at Yale and Princeton. He holds the Ph.D. degree from Princeton. He has devoted his time to teaching. He was an instructor in economics at Princeton, assistant professor of economics at Haverford college, and is now assistant professor of economics at the university of Washington. For a time he was an analyst with the United States treasury. This book deals with experiments in money in the American colonies.

The CHAIRMAN: Order. I have no objection to hearing read a book written at that time, but I must remind the hon. member that we are now dealing with old age pensions. Surely this is not the time to deal with social theories and new economic problems or panaceas. I repeat that I must make a ruling at some time, and I would ask the hon. member to keep within the orbit of the item now before the committee.

Mr. JAQUES: Mr. Chairman, I do not wish to argue the point with you, but I want to read the quotation for this reason: the excuse that is given everywhere for the failure to pay more adequate pensions is, where is the money to come from? The statement has already been made in this committee that it is impossible for a government to distribute to a people money which has not already been surrendered to the government. Here is a matter of history. I wish to quote only a few lines, as follows:

> When Maryland first issued paper money in 1733, most of it was given away—a certain sum to each inhabitant over fifteen years of age. This was done in order that the paper money might be "the more useful to the inhabitants" and its circulation made as "speedy and diffusive as possible." The legislature hoped by this means "to remove the difficulties under which the inhabitants had long laboured." In a sense this "bounty" was a sort of "social dividend," similar to that advocated by Major Douglas in his books on social credit.

At the end of the chapter he sums up this particular experiment in these words:

> From his detailed study of forty-five years of money in Maryland, Professor Gould concludes:
>
> "Considering the peculiar benefits to grain and tobacco culture, the conveniences offered to trade, the exceptionally high exchange that the bills maintained throughout most of their life, and the faithful redemption of every shilling at face value, it is hardly too much to say that this was the most successful paper money issued by any of the colonies."

The author of the book, as I said, is a qualified economist who has held the position of analyst with the United States treasury. I do not think it is necessary to enlarge on the point as to where the money is to come from, because everybody has heard it said that if we can finance a war of course we can finance the peace.

But let us turn to the other objection to paying adequate pensions on a non-contributory basis. The idea seems to be, as expressed here, that you cannot get something for nothing; that in order to provide for old age every man should save money. I am going to make this statement to the committee: whenever a man

or a citizen ceases to work—I do not care whether he has a million dollars saved up or not, it does not make any difference—he immediately ceases to contribute to the work or to the effort of the nation and he is bound to live on the bounty of the rest of the country. The idea that a man can save money and then at the end his life live off what he has saved and not at the expense of the community is, I am convinced, pure fallacy. I was reminded of this by a book which I read quite a few years ago and which I procured from the library this afternoon. It is called "Essays in Persuasion," by Maynard Keynes. In his chapter on inflation and deflation Mr. Keynes makes some remarks on the saving of money. He says:

There are to-day many well-wishers of their country who believe that the most useful thing which they and their neighbours can do to mend the situation is to save more than usual.

Of course, Keynes was writing during the depression, after the last war, in 1925, I think. The quotation continues:

If they refrain from spending a larger proportion of their incomes than usual they believe that they will have helped employment. Now, in certain circumstances all this would be quite right, but in present circumstances, unluckily it is quite wrong. It is utterly harmful and misguided—the very opposite of the truth; for the object of saving is to release labour for employment on producing capital goods such as houses, factories, roads, machines and the like. But if there is a large unemployed surplus already available for such purposes, then the effect of saving is merely to add to this surplus and therefore to increase the number of the unemployed. Moreover, when a man is thrown out of work in this or any other way, his diminished spending power causes further unemployment amongst those who would have produced what he can no longer afford to buy, and so the position gets worse and worse in a vicious circle.

The best guess I can make is that whenever you save five shillings, you put a man out of work for a day. Your saving that five shillings adds to unemployment to the extent of one man for one day—and so on in proportion. On the other hand, whenever you buy goods you increase employment—though they must be British, home-produced goods if you are to increase employment in this country. After all, this is only the plainest common sense. For if you buy goods someone will have to make them. And if you do not buy goods the shops will not clear their stocks, they will not give repeat orders, and someone will be thrown out of work.

Those are the words of Maynard Keynes, who is reckoned one of the great economists; and they are in direct contradiction to the theories that are always advanced whenever the subject of old age pensions is brought up. The statement always is made that people are not entitled to pensions unless they have saved sufficient money to provide for their old age. And who is to value the contribution that any man may make during his life?

What about a mother who raises a large family of from six to a dozen children, whose husband earns barely enough to keep them, and certainly not enough to provide for any incidentals? Having raised her family; having done all the work for them and, as far as wages go, having received nothing for it; having put the welfare of her children before the accumulation of savings for her own old age, is she to be penalized because she has not saved sufficient money to provide for her needs? That is the position to-day. And I would ask this. In a country as empty as Canada, where we are bringing in Asiatics to fill up the waste spaces, what more valuable contribution could anyone make than by raising a family? Yet to-day the people are penalized for doing so. We all know what avarice does to a nation. We need only look at Roman history to learn that those people became so "thrifty" and so money-minded that they could not even reproduce their own numbers, and so there came about the decline and fall of the Roman empire. So it is in Canada; we have pretty well reached the stage, outside the province of Quebec, when the people cannot afford to raise enough children to populate their own country.

Mr. FRASER (Peterborough West): What does the hon. member mean when he says we are bringing in Asiatics? We are not bringing in any now, are we?

Mr. JAQUES: They are refugees. I do not know where they come from; I cannot find out.

Mr. FRASER (Peterborough West): They are not Asiatics, are they?

Mr. JAQUES: I do not know where they come from, but we have brought in quite a number.

With regard to the future, we are told by the government and by other leaders that we must have a new order, a new world. When you boil down this new world it comes to this, as far as I can make out, that everybody is to be put to work. I do not think there is anything new about that; it seems to me the oldest thing in the world. I presume that if the work does not come about naturally then it will be created for its own sake. Let me put it from the point of view of providing employment for the majority of the people after the war. If you are going to have full production then you must have full consumption. There is no question about that; and if all the younger people are going to have full-time employment then the surplus must be distributed to those too old to work. If there is to be any involuntary unemployment

after the war—and I have not met anyone yet who does not fear it—surely that unemployment should fall upon those who are old and not upon those in the prime of life.

So I say that from every point of view you wish to look at it, whether from the moral or the practical, there is everything to be said for properly looking after our old people. I know that what is good in war is not necessarily good in peace. As someone has said, war is hell, and we do not want to carry the conditions of war into the time of peace. But if we are to prepare for the new age that we hear about in this chamber and elsewhere, a very good way to begin, and a proof of the earnestness of those who talk about it, would be a guarantee to those who are too old to work, those who have done their share of work in this country, that henceforth they shall be granted more than the bare necessities of life—at times they do not even get that—and that in future they may enjoy some of the comforts as well, whether or not they have accumulated savings deposits of money. Again I ask, who is to judge the value of any man's contribution? Who is to value the life work of any man or any woman? Certainly it cannot be done by the size of his or her bank balance.

Mr. McIVOR: I am sure there is not an hon. member in this chamber who could not speak on old age pensions and pensions to the blind for at least forty minutes. But when I remember that the minister is to bring down his budget next week, or at least very soon; when I remember that we have been discussing this matter for two days, I feel that if I spoke for forty minutes now, or for five minutes, I would be committing an unpardonable sin. I know we have much to say, but I think the patience of the committee has been exhausted. I believe we should call a halt to this discussion and say, "Carried."

Mr. ROSE: I would have felt the same way as the hon. member for Fort William, but if we can spend practically half a day on strawberries, an hour and a half on empty beer bottles, quite a while on dressed and undressed poultry, and so on, surely we can spare some time for the aged people. I do not want to quote from any books or deliver a full thesis on the question of the aged. I believe everyone here could approach the problem from the humanitarian point of view. Among the saddest scenes I have to witness is old men and women selling newspapers in the city of Montreal on cold winter nights. Often I say to myself there must be something radically wrong with this world of ours that such things should have to be. Each of us is confronted with such a scene now and then, and I am sure we all feel the same way. I do believe, however, that in dealing with the problems of the aged it is hardly proper for an hon. member of this house to slur our Asiatic allies or anyone else, or to go in for racialism, as the hon. member for Wetaskiwin did.

Mr. JAQUES: Not at all; I maintain that charity begins at home.

Mr. ROSE: Our Chinese allies have been fighting our battles for many years; they are a very fine people. The Siberian corps at Stalingrad were very fine people too.

Mr. JAQUES: That is all right, but charity still begins at home.

Mr. ROSE: So far as we are concerned I should say the word "Asiatics" was used by the hon. member in a racial sense and in a manner unbecoming to any hon. member of this house. What was the obstacle placed in the way of the payment of old age pensions in Canada? At one time it was the province of Quebec. I can remember not so many years ago when the leaders of the government in Quebec used to say, "We do not want any old age pensions in this province because it will destroy charity." Others used to say that it would take away the responsibility of children to look after their parents. I would say that those people were hypocrites. They did not mean anything of the kind; they were just thinking of the money that would have to be paid out of the provincial treasury.

I am glad that to-day the province of Quebec has taken the lead in asking that the age limit be reduced to sixty-five years, and the government of that province deserves congratulations. One of the obstacles of olden days is now out of the way. Why should it not be possible to speed up the dominion-provincial conference in order that this matter may be settled as soon as possible? These old people cannot wait. Many of them feel that they never know how many more years of life they have. I went through an election campaign not so long ago and many of them came to me and asked, "What will you do about it?" I told them I would do my best. They cannot wait; they feel that their years are numbered.

This matter should not be postponed too long. I understood that the dominion-provincial conference was to take place in the early summer, and this problem of old age pensions should be on the agenda. This government is considering the payment of family allowances and I think that problem and the problem of old age pensions can be considered together. In both cases the people concerned are helpless; they need someone to

look after them, and considered from this point of view we should not let down our old people.

I remember back in the days of unemployment when the labour leaders used to say that the age limit should be reduced to sixty years in order to provide more jobs for younger people. Many thousands of young men will be coming back after the war and if these older people could step aside it would provide many jobs for them. This matter should be considered as a post-war problem. Whether the scheme is to be contributory or non-contributory, I believe the people of Canada will not quarrel about it once they feel assured that they will receive an old age pension when they reach the age of sixty or perhaps sixty-five years.

Many hon. members have given credit to the trade union movement for the improvement in old age pensions. I was especially gratified to hear the Minister of Labour give credit to the trade union movement and the work they have done for the aged. In a memorandum submitted to the Prime Minister and members of the dominion government by the Trades and Labour Congress of Canada on Friday, February 25, 1944, it is stated:

> While some adjustments have been made in regard to pensions paid to aged people and the blind, in our opinion the adjustments were not sufficient to meet the increase in cost of living and some further adjustments should be made immediately. Some of the provinces have taken action in this regard but we would suggest that your government take the lead in calling a conference of all the provinces in order to establish once for all an adequate pension on a uniform scale that aged and incapacitated persons may enjoy a full life.

That is a very moderate demand on the part of the trade union movement and it should receive the full support of this committee.

Before sitting down I should like to say a few words in support of those who are not citizens of this country. I have had people come to me and explain how they have put off becoming citizens, and now they find themselves too old. Quite often they do not speak the language very well and because of their experience with police in their homeland they are fearful of going down to the Royal Canadian Mounted Police. They have many other reasons for not becoming citizens. The result is that they cannot get pensions. Many of these people have lived and worked in this country for a number of years, and they should be able to enjoy the few years that remain to them without being punished for not having become citizens. Whether they have their papers or not, they are just as loyal as anybody else.

[Mr. Rose.]

Mr. REID: All hon. members, no matter where they sit, are in favour of increasing pensions for our aged people and decreasing the age limit. The records of the house over the past years show that I along with other members have championed the cause of old age pensions. I think, however, it ill behooved the hon. member who has just taken his seat to accuse other hon. members of taking up time, in speaking about strawberries. Although strawberries may have nothing to do with old age pensions, I, as one of those who did speak about strawberries, have no apology to make for having done so.

There was a principle at stake in that connection, as there is a principle at stake here to-day. In that case we had a board appointed by the government fixing prices and the only court of appeal to which we had access was this House of Commons. Having appealed to the board and having received no redress from the board, we then brought the matter, as was our right, to the House of Commons. That was the reason why many of us entered into that discussion and took up the time of the house on that occasion, and it ill behooves the hon. member for Cartier to chide any hon. member of the house for doing that.

I sat in my place and listened to him take up about forty minutes in discussing a man by the name of Kirkconnell. Those who live in glass-houses should not throw stones, and this place has more windows than any other place I know of which are easily broken if a man begins to throw stones. Reference has been made by the hon. member to Asiatics, but may I say that at any time if I referred to Asiatics I did so in a fair way. I have never attempted to raise racial hatred. Although I well remember when, in 1934, the Japanese were being discussed, hon. members belonging to his party used that old tirade, or old argument of their's by saying that I was doing it just to draw a red herring across the trail. I have always approached the question from the practical point of view and with no idea of causing racial hatred.

I rose, however, on this occasion to add my voice to those who have spoken on this question of old age pensions which is one that should not be allowed to die down. Time has moved on, and we have reached the stage when the old people in this country should get a better deal than parliament has granted them up to the present time.

Mr. ILSLEY: I suppose I should answer some of the questions that have been asked and deal with the matter as a whole for perhaps fifteen or twenty minutes. I did not make any general remarks when introducing

this item to the committee. Perhaps I should have done so. Perhaps I would have done so had I known the debate would be so protracted.

At the present time we have an old age pension system in Canada which is far from satisfactory. It is far from satisfactory mainly because of the division of responsibility between the dominion parliament and the legislatures of the provinces. I have never disguised the fact that this system is an unsatisfactory one. Those of us who have any responsibility for its administration see evidence of that every day. For that reason I have been saying, for the last year or two at least, that I hope to see the time, and I hope it will be at an early date, when we shall have a satisfactory system of old age pensions in Canada under one jurisdiction, where the pension will be more generous and where it will be payable at an earlier age than at present.

Mr. HANSON (York-Sunbury): And be more uniform.

Mr. ILSLEY: Yes; if it is under one jurisdiction it will be uniform. But we cannot move from our present divided jurisdiction system into that better system without a transfer of certain jurisdiction from the provinces to the dominion. That certainly is true if we adopt the contributory system of old age pensions. I have not had experience, as members of the house have pointed out, in the administration of social service legislation; and if the dominion government undertakes the administration of a federal pension scheme, I am inclined to agree that its administration should not be in the Department of Finance. I do not say that because I admit a hard and unsympathetic heart. I say that because I think it could be more appropriately administered by a department of social welfare than by the Department of Finance. The reason why the administration of the old age pension scheme, in so far as it is administered by the dominion government, is in the Department of Finance is that we are merely contributors to nine provincial old age pension systems, and that is a fact which so many members lose sight of entirely. The payment of old age pensions from the beginning has been regarded as primarily the responsibility of the provinces, just like the payment of mothers' allowances, just like the administration of workmen's compensation. It is a scheme to which we contribute, and which is administered by the provinces. It is administered by regulations agreed upon by the provinces and the dominion. There is a dominion Old Age Pensions Act which authorizes us to contribute.

In the early days of the old age pensions legislation the federal contribution was fifty per cent of the pension. Shortly after 1930 that was increased to seventy-five per cent of the pension, and it became more unsatisfactory from our point of view. I do not mean because it cost us more than it would have had our contribution remained at fifty per cent, but it became a case where the administrative authority was less concerned about the matter because the paying authority was to the extent of seventy-five per cent of the pension another authority altogether.

Accordingly that system went on, a most unsatisfactory system; I do not deny that at all. I want to see it move into a more modern, more advanced and more generous system than the system we have at the present time. The only way we can do that sensibly is, I think, by adopting a contributory system which will be administered entirely by the dominion government. That would probably cost the dominion treasury more than the present system, even though it is a contributory system, because it is not true to say, as some members have said, that under a contributory system everything is paid for by the contributors. A large part is paid by the state. The only way in which we could get a transfer of jurisdiction would be by an amendment to the British North America Act. Whether we can get the provinces to agree to that I do not know, and whether the people will accept a system of contribution I do not know.

Mr. GRAYDON: Has the matter been discussed with the provinces?

Mr. ILSLEY: No; that is a matter which will have to be taken up and will be taken up at the approaching provincial conference. We have come out in the speech from the throne in favour of a contributory sysem. Whether it can be done or not I do not know. I have listened to members and most of them talk as if it were wrong to ask anybody to contribute. Perhaps I am not qualified by experience to argue the matter thoroughly, but students of these questions, experts on these problems, all seem to agree—there seems to be complete unanimity—that the sounder system is the contributory one. Sir William Beveridge says so; Marsh, who wrote the report to which the hon. member for Vancouver South referred, says so. They have a contributory system in the country which is always quoted by the Cooperative Commonwealth Federation as the most advanced country in the world, namely, New Zealand, where they contribute to their social security measures. I think it is a sounder system. I think people ought to contribute. Remember, in

unemployment insurance we do not say that the workman should not contribute to the fund out of which he gets benefits when he is unemployed. We do not think there that an outright dole is better than the insurance principle.

Mr. GILLIS: It works out in that way.

Mr. ILSLEY: They contribute, and there are very sound reasons for a contributory system. However, that is in the future. In the meantime we have the present system to administer.

What is the situation? We started out in the beginning with a maximum pension of $20 a month. In the early part of 1941 a cost-of-living bonus was being paid to persons engaged in industry, and there was a great demand that we pay the cost-of-living bonus to old age pensioners or do something along that line. In November, 1941, I announced the government's policy to the house. I stuck to the principle that has always been preserved in this pension scheme, namely, that it was primarily a matter of provincial responsibility; I said that if any province wished to pay a supplemental allowance we would alter the regulations in such a way that they could do so without that supplemental allowance being regarded as income, and certain provinces did that.

Prior to the passing of the order in council of last year six provinces had made provision for a supplemental allowance: British Columbia, $5 to each pensioner from April 1, 1942; Alberta, $5 to each pensioner from April 1, 1942, plus up to an amount of $5 where income is less than $365 a year; Manitoba, $1.25 to each pensioner from January 1, 1943; Saskatchewan $1.25 to each pensioner from January 1, 1943; Ontario, 15 per cent of pension payable under the act from July 1, 1943; Nova Scotia, $10 a month payable at the discretion of the pension authority to pensioners with income of less than $365 a year, from June 1, 1943. That provision made in the various provinces is illuminating. It shows the different views which the different provincial authorities took with respect to adding to the pension by way of supplemental allowance.

As a result of that and the addition to the pension which we provided last summer, the maximum payments per month now allowed in the various provinces are: Alberta, $30, plus $5 per year; British Columbia, $30; Manitoba, $25; New Brunswick, $25; Nova Scotia, $30; Ontario, $28; Prince Edward Island, $25; Quebec, $25; Saskatchewan, $25. If hon. members are interested in the average paid in each province apart from the supplemental allowances, I can give the figures as of March 31 last: Alberta, $22.82; British Columbia, $23.55; Manitoba, $23.41; New Brunswick, $17.69; Nova Scotia, $18.06; Ontario, $23.09; Prince Edward Island, $18.53; Quebec, $22.54; Saskatchewan, $23; Northwest Territories, $24.55.

In November or December, 1941—whenever it was that I announced the government's policy—I also said that if all or substantially all the provinces wished us to agree to increase the maximum amount of pension payable we would give attention to doing that; and the provinces, somewhat slowly, began over the next year or year and a half to make requests that that be done. The last of these requests was received in July, 1943, and we passed an order in council increasing the maximum from $20 to $25 a month. There is some demand at the present time that the age be reduced from seventy to sixty-five years, and the decision of the government has been that they should pursue exactly the same course as they did with regard to the raising of the maximum payable, namely, that they should not attempt to force this on the provinces, it being primarily a provincial responsibility; that they should say to the provinces, as I said to the provinces the other day in the statement I made in this house, that if all or substantially all the provinces should make representations to the dominion government in favour of a reduction of the eligible age from seventy to sixty-five years the government would give consideration to those representations. That is just as I did before; and I do not think, if we are to keep our policy consistent, if we are to pursue a policy which will have regard to the position and rights of the provincial authorities and respect the provincial jurisdiction, we can do anything but that.

Mr. MARTIN: Has there been any reaction from any province yet?

Mr. ILSLEY: Not since I made the statement the other day; but three or four provinces had indicated previously that they would like to have the ages reduced—one of the provinces, I think to sixty years. But the position we felt we should take was very carefully thought out.

Mr. KNOWLES: On this same point may I ask the minister if any of the provinces at the same time are suggesting increasing the amount?

The ACTING CHAIRMAN (Mr. Golding): Order. The minister has listened patiently to a number of speakers, and I think he should not be interrupted.

Mr. ILSLEY: I believe certain provinces are requesting an increase in the amount. The provinces contribute only twenty-five per cent to all this, and requests come forward with considerable facility. In a good many cases they do not need very much encouragement. But that is the situation.

As I say, I think this is a reasonable course to pursue under the present system, the system of divided jurisdiction which we have had established here since 1926. Not only is it consistent but it is, I believe, the correct and proper course to pursue.

After we passed the order in council of last summer raising the maximum amount from $20 to $25, the question arose as to whether the permissible outside income should not be raised to $425. One or perhaps more than one of the provinces had asked that at the beginning, I remember particularly the province of Manitoba. They thought the matter through and coupled their request with a request for an increase in the maximum amount payable. But most of the provinces said nothing about that; the question was not discussed; and I did not feel free on a basis of general provincial consent to take that step, because it would be not only increasing the amount payable to existing pensioners but enlarging the class of pensioners, and would raise administrative burdens for the provinces as well as cast further expense on them. That was taken up later with the provinces by the dominion, and the other day, this order in council, which in a sense is consequential to the order in council of last summer, was passed having effect from April 1 or such later date as the province in any particular case might desire.

It has been suggested by one of the speakers that we should put these changes we have made into legislation, that we should amend the act.

Mr. NEILL: Hear, hear.

Mr. ILSLEY: Well, I do not like the act as it stands well enough to bring in amending legislation if we can help it. If we are to legislate on the subject of old age pensions, I should like to put something on the statute books more satisfactory than a patched-up 1926 Old Age Pensions Act; and I think, if there is patching-up to be done, it should be done by order in council.

Hon. gentlemen may be afraid that the authority for the orders in council will run out before there is a chance for legislation. Let me point out that the War Measures Act of the last war ran until some time in 1920—I have not the exact date—and there is no prospect of the present War Measures Act losing its effect for a very considerable length of time to come. It does not pass out at the end of the war or six months after; it passes out when the necessity for it, in the opinion of the government of the day, no longer exists.

Mr. MARTIN: Or when the courts say the necessity for it no longer exists?

Mr. ILSLEY: I do not think so. My hon. friend suggests that it is perhaps when the courts say the necessity for it no longer exists, but certainly there is a post-war period during which the War Measures Act will be in force, and I suggest that there is plenty of time for legislation such as this, and that we should not enact legislation for old age pensions until we have a more satisfactory system, jurisdictionally and otherwise, than we have at the present time.

Certain specific suggestions have been made during the course of the debate, and I will try to deal with a few of them. I cannot make any definite pronouncements on the suggestions which have been made, but in certain cases at least I am prepared to give them consideration.

One was that no rental should be charged up against the occupant of premises which he owns. Rental is charged up against them at the present time because of a regulation which was agreed upon by the provinces and the dominion, and I assume that that regulation was based upon the desirability of eliminating discrimination between pensioners who occupied their own property and those who roomed, or something of that kind.

Mr. HANSON (York-Sunbury): Those who had to pay rent.

Mr. ILSLEY: One must be very careful in changing these regulations not to give rise to discrimination, because nothing creates a sense of injustice so much as discrimination.

Mr. GREEN: The home owner has to pay taxes.

Mr. HANSON (York-Sunbury): Well, the roomer.

Mr. ILSLEY: Yes, but that is not equivalent. Taxes are merely a fraction of the occupancy value of the premises.

Another suggestion was with regard to dependents' allowance and assigned pay, and I should like to review that story. In the first place let us take the case of the person to whom the soldier assigns pay, there being no dependents' allowance. In that case it was considered, first, that it must be regarded as income. Then a great many cases came to the attention of the pension authorities in

which these seemed to be the facts: it was found that in many cases pay was being assigned to persons who held the pay in trust for the assignors. That was particularly true in cases where there was no dependents' allowance. It was true in cases where there was no condition of dependency. So that it became impossible for the authorities to decide as to whether the assignee held the amount in trust for the assignor, or otherwise; and it was decided, therefore, in those cases to wipe it out as income altogether, and to consider it the property of the assignor, and not to consider it the income of the assignee.

The next case about which complaint is made in the house by a great many members is the one where there is no question of dependency, because dependents' allowance is being paid. It was considered that under the regulations, there being no question of dependency, the dependents' allowance board having decided that the assignee is a dependent of the assignor, in that case what the assignee received by way of dependents' allowance and assigned pay must be regarded as income. The result was that the old age pensions in some cases were cut out or reduced.

I am not just sure what the suggestions are that have been made in this debate, but I gathered from a remark made by one of the members that he thought possibly one should be considered as income, but not the other. Someone asked the question whether both were regarded as income. There is some argument for giving assigned pay the same treatment in a case where there is dependents' allowance as in a case where there is no dependents' allowance. There is some argument for that. But there is also some argument on the other side, too. All I can say about it is that I took to heart what some members said about this situation. It may be a little difficult to explain, and it may be thought there should not be strictness in adherence to the regulations. I would be prepared to give consideration to the suggestions which have been made, and see whether they can be squared with the regulations or, if not, whether the regulations should in some way be limited. But that would be a matter of agreement with all the provinces, as I have said before.

I wish to point out at once that if we build up too much the income of the mother of a member of the services, in proportion to the income of the mother of someone who is not a member of the services, but living next door, the latter-mentioned mother will say there is discrimination.

Mr. KNOWLES: Not in the case of assigned pay.

[Mr. Ilsley.]

Mr. ILSLEY: Perhaps not in the case of assigned pay. But if dependents' allowance were allowed to go you would have a lot of difference in the treatment of two old age pensioners who might be living side by side. That must always be considered when one considers amending regulations.

The hon. member for Macleod asked a specific question regarding to what property of the pensioner a lien attaches. That is a matter of provincial legislation. I presume the regulations in the various provinces are different. No lien is created by dominion legislation. The lien has to be created by provincial legislation, and they can make the lien attach to any property they wish. The most common provision is that it is a lien against the real or personal property of the pensioner.

Mr. REID: Could a province waive that right?

Mr. ILSLEY: Oh, yes, they can do that. I believe the dominion act says it is a debt, does it not?

Mr. HANSON (York-Sunbury): All the provinces have liens, have they not?

Mr. ILSLEY: Yes, they all have liens, but they do not necessarily all have the same kind.

Mr. STIRLING: None of them exercise them, do they?

Mr. HANSON (York-Sunbury): Yes, they do.

Mr. STIRLING: British Columbia does not.

Mr. REID: The dominion gets the blame for the property clause.

Mr. HANSON (York-Sunbury): I thought it was the other way around.

Mr. KNOWLES: Five of them do not.

Mr. ILSLEY: The relative provision of the dominion legislation creates a debt, but it does not create a lien. The lien is created by the province.

Mr. HANSON (York-Sunbury): It is a crown debt, and it is ahead of ordinary debts.

Mr. ILSLEY: Oh, no.

Mr. HANSON (York-Sunbury): Oh, yes; a crown debt is ahead of my debt.

Mr. ILSLEY: The income tax people do not think so.

Mr. HANSON (York-Sunbury): Well the courts have said so.

Mr. ILSLEY: That is a long story.

Mr. KNOWLES: I would remind the minister that his parliamentary assistant has already made that point clear. He referred

to it on March 23, when the house was told in answer to a question of mine that it is now up to each province whether the crown files liens, at least up to a certain value.

Mr. ILSLEY: That is correct.

Mr. KNOWLES: And according to subsequent information given in answer to a question, it now appears that British Columbia, Alberta, Saskatchewan, New Brunswick and Nova Scotia do not file liens up to the specified amount, which seems to leave it that the other four provinces do still avail themselves of that privilege.

Mr. REID: Then it is not correct to say the property is taken away from the old age pensioners in those provinces?

Mr. POULIOT: Mr. Speaker—

Mr. HANSON (York-Sunbury): Has the minister finished?

Mr. ILSLEY: I am afraid I have stirred this up, all over again. We could go on all afternoon and evening. I shall have to answer new questions that are asked.

Mr. GREEN: I understand that the minister says he is in favour of having an amendment to the British North America Act to give the dominion exclusive jurisdiction over contributory old age pensions.

Mr. ILSLEY: That is correct.

Mr. GREEN: Does he mean that to include old age pensions to the people who would not be able to contribute to such a scheme? In other words, would the contributory scheme include all the persons who are now pensioners, or would it not? I do not know whether he thinks they, too, should come under the exclusive jurisdiction of the dominion.

Mr. ILSLEY: I certainly think they should. I think the dominion should have jurisdiction over the whole thing. The object would be eventually to work into a contributory scheme which would have very wide coverage. Of course it would not be contributory as far as present old age pensioners are concerned, because it is too late.

Mr. GREEN: If the dominion takes over contributory old age pensions it should also take over present old age pensioners.

Mr. ILSLEY: In some modified form, perhaps. But I would be in favour of the dominion dealing with old age pensions as a whole, because I do not think we can have a federal scheme and provincial schemes. We would just have confusion worse confounded.

Mr. GREEN: Take over everything.

Mr. ILSLEY: Yes.

Mr. GREEN: May I ask the minister—

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. GREEN: The minister said I could ask a question.

The ACTING CHAIRMAN (Mr. Golding): Order. Several times this afternoon the chair has requested that we do not get into a debate on contributory insurance, and it has been urged that we deal with this item.

Mr. HANSON (York-Sunbury): The minister said he was willing to answer questions.

The ACTING CHAIRMAN (Mr. Golding): It has been suggested several times this afternoon that we stick to a point under discussion, and I hope hon. members will do that.

Mr. GREEN: I have one other question.

Mr. KNOWLES: The minister did not stick to it.

Mr. GREEN: The minister has repeated this afternoon that old age pensions are in the same category as mothers' allowances and workmen's compensation. I wish he would go a little farther in his explanation of that statement, because actually the fact is that mothers' allowances and workmen's compensation are handled exclusively by the provinces. The dominion has nothing whatever to do with them and has never had. On the other hand, the dominion stepped in and passed the first Old Age Pensions Act and, as the minister said, is now paying three-quarters of the cost. Will he explain how he puts these three types of assistance on the same basis and then says that they are a provincial responsibility in each case?

Mr. ILSLEY: I have explained that repeatedly in other years. The dominion did what it did in 1926 in order to get the provinces going; that was why. The provinces got under way under their own steam in the matter of mothers' allowances and workmen's compensation, but they were not getting ahead with old age pensions. Therefore the dominion adopted the principle of paying part of the cost which we have all repeatedly said we do not like, just for the sake of getting the provinces going.

Mr. HANSON (York-Sunbury): Would the minister in his scheme suggest that the provinces be relieved of all costs, administrative and otherwise, if they transferred their jurisdiction to the dominion?

Mr. ILSLEY: Yes, I would; but I wish to point out that that will be a big burden

for the dominion to assume and it is tied up with financial adjustments and division of revenue fields and so forth with the provinces.

Mr. HANSON (York-Sunbury): You will have to ask them to give up something else.

Mr. ILSLEY: I do not know who will do the giving up. The two things are tied up to one another.

Mr. HANSON (York-Sunbury): No doubt about that.

Mr. ILSLEY: We have a fairly satisfactory arrangement with regard to taxation fields for the war period, but it expires at the end of the war, and we shall have to get our minds down eventually to the question as to what taxes may be imposed by what authority.

Mr. POULIOT: This act was, in the first place, dominion legislation. By that I mean that the first statute with regard to old age pensions was a dominion statute. I remember the day when the Hon. Peter Heenan, then Minister of Labour, went to Toronto to have the agreement signed with the Hon. G. Howard Ferguson, then premier of Ontario. Afterwards agreements were signed with the other provinces, and at the present time there is an old age pension scheme in every province.

The act was passed at a time when provincial rights were respected. It was not long after a judgment of the supreme court that was not appealed from by the government of the day, in which the respective powers of the dominion and the provinces were clearly stated. It is important to note that it was the then Minister of Labour who went to Toronto to sign the agreement with the premier of Ontario; it was not the Minister of Finance of the day. I do not know whether or not since that time pensions have been placed under the Minister of Finance. Perhaps they have been, but they were not at the time. The idea of putting the plan on a fifty-fifty basis with the provinces was precisely to respect provincial autonomy. The provinces were told that the dominion had passed legislation in virtue of which a subsidy of fifty per cent would be paid to the provinces if they agreed to it, and it was up to them to establish an old age pension scheme within their boundaries.

It took some time to have this scheme accepted by all the provinces, but finally it was. Then Mr. Bennett came into power. He also respected provincial autonomy, but increased the dominion contribution by twenty-five per cent, making it seventy-five per cent. What people do not understand is that the dominion is paying seventy-five per cent and the provinces only twenty-five per cent. They administer the whole thing. The dominion has no responsibility to the people with regard to the administration of the scheme, but on the other hand all the blame is put on the dominion by the provinces when a pension is refused. The provinces say the regulations that have been passed by Ottawa prevent us from granting a pension, and so on. That is the story. This is most unsatisfactory legislation.

I will tell you, Mr. Chairman, what I think of old age pensions. I think it is a good thing. I congratulate the minister for having raised the contribution from $20 to $25 a month. It was a good step, but the age should be lowered to at least sixty-five years for the old and in so far as the blind are concerned, as soon as a child is acknowledged by the doctor to be blind he should be entitled to a pension if his parents have not sufficient means to pay for his care. Distinction should be made between those who have some means and those who have none. We now come to a basis of contribution. I will not discuss the question of contribution at all. How is it possible for a man who has nothing, who is destitute, to pay a contribution toward old age pension? Those who have sufficient means may buy an annuity from the Department of Labour. It still exists. It does not come under the Department of Finance unless things have been changed. We are not fighting here the case of those who have a sufficient income on which to live or who have independent means. We are fighting the case of the poor who have not the means to pay a contribution, who are destitute and who must not be left on the street. They are old. They have rendered a certain service to the community and they deserve some help from the state. That is the purpose of the old age pension, as explained by the legislators and by the members of the government of the day when this act was passed. It is easy to see in the speeches made at that time by the present Prime Minister and the Hon. Peter Heenan who was then Minister of Labour that the purpose of the old age pension was to help those who had no means on which to live and who were destitute, who had no children who could help them.

There is another matter I should like to mention. To-day a twenty-dollar bill does not go any farther than a ten-dollar bill used to go. These people have expenses to meet. Even those who have not much to live on have to pay more for their food, clothes and so on. Therefore they need a certain increase. It is a matter that the minister has understood and I congratulate him upon having done so. It is essential for the government to understand that discrimination exists when men

aged sixty-five do not get their pensions. How many suffer from rheumatism and are unable to work when they reach sixty, labourers, who did not save any money for their older days? I leave this to the minister's consideration. I hope he will realize the fact that the suggestion is unanimous; it has been made by all parties of the house.

There is perhaps this controversial question of dominion and provincial rights. The minister holds the view that this matter of old age pension should be under one jurisdiction. He is perfectly right. I agree with him; but we should not forget that taxation from which this old age pension is paid comes from the pocket of the Canadian taxpayer. The only question that arises as between a provincial payment and a dominion subsidy to the provinces is that of control. The taxpayer pays the same amount for the same purpose, but the question is whether the money is to be raised and controlled by the province or by the dominion. If the only purpose of the dominion government in establishing old age pensions was to see to it that the scheme was adopted by all the provinces, now that it has been so adopted; now that it is in force; now that it cannot be changed, surely that purpose has been realized.

How would it be possible to have the matter under one jurisdiction, which it is a desirable thing? It could be done by the Minister of Finance releasing a part of the taxation that formerly belonged to the provinces, to enable them to carry on the old age pension scheme. It is the easiest thing in the world. Take the succession duties, and things like that; if the minister would release the dominion succession tax and negotiate agreements under which the provinces would bind themselves to lower the age at which people could receive pensions, surely an agreement of that kind could be relied upon just as much as a treaty with a foreign nation. Why should provinces not be considered on the same footing as other countries? They are our own people; yet such a fuss is made when agreements are to be signed with the provinces. The time has come when our own people, the provinces of this country, should have priority over all other nations in their dealings with the dominion government. They are our own people; it is only natural that we should look after them; so why not do it in an orderly way? Some people in the Department of Finance like complicated matters; instead of simplifying the procedure and allowing the provinces to be masters of their own destiny they say, "Well, we will get the money and we will give it back to you." What is the reason for that transaction? Why keep accountants to write down the amount of money received on behalf of the provinces and the amount of money that is returned to the provinces?

In a nutshell what I have to suggest to the minister is this: reduce the age at which the blind may receive pensions, so that they may be paid even to infants and children whose blindness is certified by competent doctors; lower to sixty-five the age at which old people may receive pensions; give pensions only to those who need them, but give pensions to all who need them. Then start once more to respect provincial autonomy. Give the provinces an opportunity to collect the amounts of money they collected previously, so that this scheme may be operated by the provinces themselves to the great benefit of all concerned.

And the Speaker having resumed the chair:

ALCOHOLIC BEVERAGES

RATIONING OF BEER AND SPIRITS—CORRESPONDENCE BETWEEN PREMIER OF ONTARIO AND DOMINION GOVERNMENT TABLED

Mr. CRERAR: If I may revert for a moment to motions I should like to table the correspondence asked for this afternoon by the leader of the opposition (Mr. Graydon), which passed between the premier of Ontario and the government here on the matter of increasing the supplies of spirits.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

GORE DISTRICT MUTUAL FIRE INSURANCE COMPANY

The house in committee on bill No. 40, respecting Gore District Mutual Fire Insurance Company.—Mr. Homuth—Mr. Bradette in the chair.

Sections 1 and 2 agreed to.

Preamble agreed to.

On the title.

Mr. MARSHALL: What is the capitalization of this company?

Mr. GRAYDON: I was hoping that my good fortune would be such that perhaps I would not be examined too closely upon the details of the bill which I have undertaken to sponsor on behalf of the hon. member for

Waterloo South (Mr. Homuth). Perhaps my hon. friend would be content to take the undertaking that that information will be given to him in due course and the title might be permitted to carry in the meantime.

Title agreed to.

Bill reported, read the third time and passed.

PATENT APPLICATION OF CLAUDE H. PETERS

The house in committee on bill No. 94, respecting a certain patent application of Claude H. Peters.—Mr. McIlraith—Mr. Bradette in the Chair.

Section 1 agreed to.

On section 2.—Manufacture, use and sale commenced prior to February 15, 1944, by others may continue.

Mr. MARSHALL: What are the facts in connection with this patent?

Mr. McILRAITH: The bill merely permits the applicant for the patent to make application before the patent office in order that it may be dealt with there in the ordinary way. It does not confer any substantive rights at all. The patent has to do with air-conditioning equipment.

Section agreed to.

Bill reported, read the third time and passed.

THE EVANGELICAL LUTHERAN AUGUSTANA SYNOD OF NORTH AMERICA

The house in committee on bill No. 95, to incorporate the executive board of the Canada Conference of the Evangelical Lutheran Augustana Synod of North America—Mr. Maybank—Mr. Bradette in the chair.

Sections 1 and 2 agreed to.

On section 3—Objects.

Mr. BLACKMORE: Mr. Chairman, you are going too fast. It is impossible for us to find these bills before they are passed. I think you had better give us a chance to find them. I do not know whether there has been a mistake in filing my bills, but I cannot find the one with which you are dealing.

The CHAIRMAN: This is a bill to incorporate the executive board of the Canada Conference of the Evangelical Lutheran Augustana Synod of North America.

Mr. KNOWLES: What is the amendment that has been made to this bill?

The CHAIRMAN: The amendment is to section 4; we are now dealing with section 3.

Section agreed to.

On section 4—Management.

The CHAIRMAN: The amendment is to add the words, "and shall hold office during pleasure of said Canada conference."

Amendment agreed to.

Section as amended agreed to.

Sections 5 to 17 inclusive agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 92, to incorporate Wesleyan Methodist Church of America in Canada.—Mr. McIlraith.

SECOND READINGS

Bill No. 113, for the relief of Frances Eleanor Campbell Coleman.—Mr. McIlraith.

Bill No. 114, for the relief of George Igaz.—Mr. Casselman (Grenville-Dundas).

Bill No. 115, for the relief of John William Frank Draper.—Mr. Emmerson.

Bill No. 116, for the relief of Sam Sokoloff.—Mr. McIlraith.

Bill No. 117, for the relief of Léon LeBrun.—Mr. Macdonald (Brantford City).

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed consideration in committee of a resolution to grant to His Majesty certain sums of money for the carrying out of measures consequent upon the evidence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

DEPARTMENT OF FINANCE

Old age pensions and pensions to the blind, $6,942,250.

Mr. NEILL: Mr. Chairman, I shall not long detain the committee. I listened with interest this afternoon to the explanations of the minister, more especially as regards the trouble he was encountering in dealing with this subject, which is under dual jurisdiction. He also stated that he personally was in favour, later on possibly, of a contributory scheme, that he would be in favour of it if the provinces would agree. I do not think there will be much trouble in the provinces agreeing. If you go to a man and ask him to pay his debts he may quibble; but if you offer to pay half his debts you are much more likely to get a favourable response. If you go to him and offer to pay the whole bill, I do not think there would be a great deal of trouble in getting his consent. The

trouble in 1926 and 1927 was that while we fully recognized, as we do still, that it was the obligation of the provinces, we could not make the provinces recognize their obligations, or at all events they would not do anything about them. The only way we could get action was not by waiting, dallying along the primrose path, but by taking action ourselves, and so we drafted a bill and passed it and said: This we will do, and you can come in or stay out. British Columbia immediately came in, and the other provinces one by one followed suit.

The outstanding feature on which the minister has not been able to meet the representations made to him the other day was as to reducing the age limit. I think he might have given a lead to the provinces in this matter. Nothing is to be gained by waiting on the provinces, with the provinces waiting on somebody else, but just as when we passed an act and said to the provinces, "We will contribute fifty per cent" we got action because the people of the provinces stirred up their governments, so that I think in this case the Minister of Finance might give the provinces another lead by proposing to reduce the age limit. I think he said that three or four provinces were already agreeable to that.

When I was discussing old age pensions the other night I raised two points. One was the danger of losing the last five dollars that was added to the pension last year. I find that the Minister of Finance admitted last year, as he did again this afternoon. that the increase then put on would be liable to be taken off if legislative action was not taken at the end of the war or in the meantime. I foresaw the danger of putting this in as a sort of cost of living bonus item which would disappear with the disappearance of the War Measures Act. But now the minister says that the War Measures Act of 1914 lasted for some years after the end of the last war. Although I cannot find any record of that, I take his word for it. Then he said that there was no hurry, that no doubt the War Measures Act would extend beyond the end of this war and there was time to deal with any emergency at that time. I do not just see the point. This is not like an act. This has not been done by passing an act or by passing an order in council under the War Measures Act but merely by putting an item in the estimates which is contained in certain appropriations to be passed under the War Measures Act. Last year the minister simply rose in his place and did not consider it necessary even to put an item in the war appropriation. He simply said: We will take the necessary sum out of the war appropriation. There is no guarantee that he will do so this year. We have confidence in him, of course, but there is no obligation on him to do so. After the war other governments, with other minds, may come into power and may say: We will drop this; we have no authority to pass further items of this sort under the War Measures Act. They might even go further if challenged and say: It is obvious that the government that passed it did not intend it to be anything more than a temporary measure because they did not pass an act but simply put an item in the estimates, so that eventually it was nothing more than a temporary measure, a cost of living bonus, so to speak, which might be taken away. They would have a good argument in saying that.

The minister said that he did not like the act. But if we never voted for anything we did not like, sometimes governments would find their tenure of power somewhat slim. I think, with all deference to the minister, that was a weak argument. After all, it is only a small act and only a small amendment is required. If later on another act is necessary to bring in the contributory system the amendment would disappear with the disappearance of the act. Is there any harm in tying it up for the present in such a way that it will not disappear? Another, perhaps unsympathetic government might fall back on the contention that this was a temporary thing on account of war conditions and so on. I cannot see how my suggestion would do any harm; it would relieve these old people from the fear hanging over them that, for some minister's convenience in years to come, he might say, "Oh, times have changed; I am not going to put it in; what are you going to do about it?" We could do nothing about it; we could not point to a definite measure, unless passed the way I suggest. Therefore I urge that it would be a good thing to allow this simple matter to be inserted in the act itself.

If I were the leader of the party to my left I think I would be inclined to insist upon that, because I am sure it has the approval of the people as a whole. I would be inclined to say, "Well you have brought this in; you admit it is right; the people think it is right; you will put it in the act—or else". But of course that is for somebody else's judgment.

The second matter I brought up when I was speaking the other day—the minister did not allude to it—was that he should send this bill, and the regulations connected with it, which are the greatest source of trouble, to the committee appointed to deal with just such things; I mean the committee on industrial and international relations. It was dealt with on four different occasions, each time with

some measure of profit, and out of the last discussion came the bill itself. There are a number of small matters which we have not time to thresh out here, nor is a committee of 245 members adapted to discuss them, but they could well be discussed in the committee to which I have referred.

I mention only one or two points, although I could cite half a dozen or more. Take the one which says that a poor old man may have 160 acres of wild bush land, not worth the paper that the title is written on, but it is assessed at, we will say, $1,000 and he has to pay $20 a year taxes on it. The pension board say, "You own that property, it is assessed for $1,000; therefore, we say you have an income from that useless land of $50 a year and we take that off the amount of pension you have been getting". On top of that his taxes are $20, so that he is "out" $70 a year on some land of which he long since got tired, and which never did have any value except in some optimistic hope twenty or thirty years ago. It may be said that he could sell it and get rid of it. But it is the sort of thing you cannot sell. I made written application to the government, signed by an old age pension applicant, who stated, "I hereby convey and grant all my right, title and interest in such a piece of land to the government." But the government were too smart They would not take it. They said, "Not for us; we know better than that, and we don't want it." The alternative was to let it go to tax sale, we were told, and he could thus get rid of it. But no; first, it would take two or three years to get rid of it in that way. There were hard times during the depression; perhaps an election was coming on, and the government did not hold tax sales, so that the wretched man could not let it go to a tax sale, since none was being held, and he was caught between the two dilemmas. He could not get out of it at all. He could not sell it; he could not give it to the government, and he could not let it go to the tax sale. Things like that are well worth consideration by the committee.

They are charged five per cent on land which is not producing anything. That charge should be abolished.

The other point to which I particularly wish to refer is the assessment of the land. We got the regulations changed so that it would not read, as at first, the assessed value, but would read, the assessed value or the market value, whichever was deemed to be the more equitable. I immediately jumped at that concession and said to myself, now we shall be able to get a pension for that man or woman, because the market value of the land is eighty cents and the assessed value is about $2,000. But the authorities would not do that, and said so. They told me, "We have the option." "No", I said, "the only option you have is to say which is the more equitable". They said, "It will save us trouble; we prefer to take the view that the assessors are men of ability and assess the land properly", and to this day they will not regard the equitable market value but insist on taking the assessor's value, although the regulations read that they must adopt whichever is deemed most equitable. Everybody knows that land in British Columbia is overassessed.

I could name several other things. I am sure the government does not want to give the impression that it is chiseling on these old people, and the people do not want the government to do that. However, you must go around and yell at them for a year or so, and perhaps in the end the government will give way.

When the act was first passed it read that the pension was to begin from the date of the man's first application. What did they do? They changed it by regulation to make the pension start from the day the board made its decision that the wretched man was entitled to it, and if they could prove that the poor man at some time was in Africa or some other remote place they kept writing to him for certificates on different things so that his grandchild would be more likely to get the pension than he would. And when they finally had decided, payment was made only from the date when it was decided to give it to him. I have known a man to wait for eight or nine months for his allowance, living meanwhile upon the charity of friends, and when he got his pension he was not able to pay the arrears for board and lodging because the pension was dated back only to the time when they decided that it was due.

Several other matters of this kind occur to me. By just going through the regulations the committee, I am sure, could make useful and reasonable recommendations. The government would have power to say yes or no; they could decide whether they approved the committee's suggestions; they could insist, the next time these local boards got together, on something like ordinary common sense being introduced. So that I say a great deal might be gained by the government allowing this matter to go to the committee. The government has a majority on the committee; I cannot see why they need fear our doing anything unreasonable about it, and it would certainly satisfy a great many people as regards the treatment they are getting, or not getting, under these regulations.

Mr. KNOWLES: There are a few remarks I should like to make following the interesting statement the minister made this afternoon. It was indeed a significant statement, particularly wherein he laid down the views which the government will probably present on this matter at the anticipated dominion-provincial conference. However, I should like to say in reply to his defence, in which he pointed out that this government has considerable trouble in getting the general consent of the provinces to some of the things it would like to do, that when we as members of parliament go back to our respective provinces and come up against the situation there, we find the provincial people telling us that the trouble is that Ottawa will not agree. The minister may say, and quite rightly, that this situation underlines the necessity for an over-all federal scheme, but in the meantime the poor old pensioner is being shuttled back and forth between Ottawa and the provinces.

I say that not just to be critical but as a basis for offering a suggestion in addition to some of the worth-while suggestions which the hon. member for Comox-Alberni has just made. The minister recently has followed a policy which I think might be pursued. He made it known that in the matter of filing liens against property henceforth the decision as to whether or not it would be done would be up to the provinces. Prior to that announcement the provincial government of Manitoba, the province from which I come, could always say, "Well, we have to file the lien because of section so-and-so of the act." Well, the other provinces, such as British Columbia, and some others, did not read the act in that way. Now this government has made it clear that, however the act may have been interpreted before, it is now understood that this matter is entirely up to the provinces.

Mr. ILSLEY: With the $2,000 limit.

Mr. KNOWLES: Yes. So far as the government of Manitoba is concerned, the responsibility has been located. No longer does it rest with this government on that point. It rests with the province of Manitoba to do the thing that British Columbia, Alberta, Saskatchewan and two or three other provinces have done.

Mr. NEILL: It never was compulsory.

Mr. KNOWLES: The statement that was made by the parliamentary assistant to the Minister of Finance on that point, on March 23 of this year, as reported at page 1742 of *Hansard,* was that whatever may have been the intention, there had been some confusion. Some provinces thought it was compulsory. But whatever may have been the case in the past, it has now been made clear by the action of this government that there is no compulsion on this point.

I suggest that the Minister of Finance do the same thing with respect to one of the regulations to which the hon. member for Comox-Alberni has just referred. I have in mind section 20 of the regulations which indicates when a pension shall commence. It states that the pension shall commence on the first day of the month following the month in which all necessary information and proof has been furnished, to the satisfaction of the pension authorities, or on the first day of the month following the month in which the applicant first becomes entitled, whichever is later.

As the hon. member for Comox-Alberni points out, this means that when the applicant for old age pension produces his evidence establishing his eligibility for a pension on the day he becomes seventy years of age, his pension is not made retroactive to the day he became seventy. It becomes effective only on the first day of the month after the month in which he finally got in all those documents to prove his eligibility at the age of seventy.

I know the provincial legislature of Manitoba has discussed this matter and feels that it is quite unfair. I know a resolution was sent down some time ago—probably it has been sent more than once—from the legislature of Manitoba asking this government to change the regulation. That is a regulation which is not in the act, mind you. But as yet nothing has been done. The province of Manitoba is still in a position to say, "We would do it, but for this federal regulation." I suggest again to the minister that he ask his officials who administer the Old Age Pensions Act to go through a number of these regulations to which his attention has been called in the debate. See if there are points like that, where announcements similar to the one about liens might be made, saying to the province, "Henceforth it is up to your administration. These are the limits within which you can go in interpreting these regulations."

I know the minister may point out that that makes it more patched up, perhaps, than it is already. It is pretty badly patched right now, and if these little adjustments would improve the situation, and take care of some of the grievances, then at least it means something to the old people in the meantime, many of whom will not live for that finer old age pension set-up, which we hope yet to see realized.

There are a number of minor points like that. For example, as I have pointed out

before, if a person were born on the second day of the month, assuming he gets all the documents in on time, when he becomes seventy years of age and eligible for old age pension that pension could not commence—not according to the act, but according to these regulations—until the first day of the month after the month in which he became seventy. So that many a poor old person who may reach his seventieth year on the second or third day of the month is quite disturbed when he discovers that his pension does not become effective until the first day of the following month, and that the cheque will not be received until the 30th or 31st day of that following month. Those two months, to the old age pensioner, are two months for which he thought he was going to receive a pension. The amount of money involved is not very great. Once a pensioner is eligible for pension, and begins receiving his pension, that one month might in time be forgotten. But it is little grievances like that which create some of the difficulties, and I suggest that things of that kind should be straightened out.

When I discussed this matter on one occasion with the superintendent of old age pensions in Manitoba he produced correspondence between Manitoba and the administration in Ottawa of a good many years ago—I forget the date—showing that this decision as to the application of one's actual date of birth had been made as a matter of interpretation by the law officers of the administration. Therefore that bears out what is in my mind, namely, that many of these small grievances could be ironed out if the administration in Ottawa would comb them through and would advise the provincial old age pension authorities along the same line as the advice that was given a month or so ago with respect to the filing of liens.

Those adjustments, if they are all made, fall far short of the ideal picture of a better old age pension set-up, such as the minister described this afternoon. That is what we all want—a new and better plan. But he knows perhaps better than I do that the provincial problem comes in, and that it will take some time to work that out. That is why we hope that more of these so-called minor adjustments might be made right now. We shall have another opportunity to debate old age pensions this session, namely, when we reach the item in the civil estimates. I hope that before that time the minister may be able to make an announcement suggesting that some of the grievances have been adjusted.

Before I resume my seat I should like to add one comment. It is this: When the minister talks about throwing into the dominion-provincial conference, whenever it meets, the whole question of a better and more adequate old age pension scheme, and when in that connection he makes reference to the set-up in New Zealand, I would suggest to him that the mistake be not made again of setting up only a partial scheme. Reference has been made frequently to the opposition to a contributory scheme in this country, as compared with the well-known fact that in New Zealand the people gladly contribute. What is the difference? Is it because of a great difference between our people and the people over there? I think one of the real differences is that any schemes which have been talked about in this country have been partial—just old age pensions, or just unemployment insurance, or just health insurance. All one sees he can get as a taxpayer or as a worker, for his contributions, is protection against only one of the things which may happen to him.

Mr. REID: What about Great Britain?

Mr. KNOWLES: Great Britain has gone a good distance along that line, too. In New Zealand in particular the scheme is all-inclusive. It would take far more time than the Chairman would allow me to put on the record the list of things that are provided. It is all-inclusive protection; and I think, when the matter is discussed at the dominion-provincial conference, that way of doing things should be thrown into the discussion.

In the meantime, however, without arguing the detailed points, I welcome the general statement of the minister this afternoon, in which he took the position taken by many of us, that the time has come when measures such as our old age pensions legislation—and we say even more—should definitely be established on a dominion basis.

Mr. ILSLEY: There were two or three points raised in the last two speeches to which I think I should reply. I agree with the last speaker when he says that the officials in charge of the dominion administration of the old age pension scheme should take this debate, make a list of the suggestions, and prepare a report on them so that the government may decide which ones, if any, they would like to take up with the provinces. I think agreement on any substantial number of them would probably have to await the conference, but hon. members know that changes are made in the regulations from time to time as the result of correspondence. I think that would be a better course of procedure than to refer the matter to the committee on industrial and international relations. It is true that that committee could work out lines along which they would recommend that the government

approach the provinces, but a more appropriate group to work out changes would be representatives of the provinces and the dominion. In the main the matters that the hon. member for Comox-Alberni speaks about are matters of provincial administration. It would appear to me more appropriate that the matter be taken up with the provinces than by a committee of this house.

There is one objection to putting more work on committees of this house. It means that the time of overworked officials is taken to attend and a large number of committees are now sitting. For my part I do not see what there is about a committee on industrial and international relations which makes it an appropriate body to consider old age pensions.

Mr. NEILL: Because it has dealt with it four times already.

Mr. ILSLEY: I am sure if I said that it would be argued that it was a very bad reason.

Mr. GRAYDON: It depends on who advances it.

Mr. ILSLEY: With regard to the other points raised by the hon. member for Comox-Alberni, the authority to continue the payment of $5 a month does not depend only upon items; it depends upon orders in council. Those orders in council have the force of law so long as the War Measures Act is in existence, and a vote would take place as a matter of course to carry out the provisions of the orders in council. Of course they do not have the permanency of legislation. Legislation would stay on the statute books until it was repealed, and the orders in council come to an end automatically with the end of the War Measures Act at some time in the future. But the point I was making this afternoon is this, that that time will not be very soon and I would hope that when this matter is dealt with by legislation it will be dealt with in a much more satisfactory and thoroughgoing way than by amendments of this type to the present act.

From my experience I do not think there will be any danger of any government dropping the $5. The whole trend is not that way, to say the least, and I think the picture that the hon. gentleman has drawn of some grasping, cheese-paring government coming in that will drop that $5 simply because it is paid by orders in council is one that will never become an actuality.

Mr. GRAYDON: The minister does not look for our hon. friends to the left to be elected.

Mr. ILSLEY: The other point made by the hon. member for Comox-Alberni is that we should take the position we took in 1926, namely, that we should say we will lower the age for any province that wants it. That would result in a patchwork of ages across the country. In some provinces they would start at sixty-five and in others they would start at seventy.

Mr. NEILL: Why not; it worked before?

Mr. ILSLEY: In 1926; but rightly or wrongly I gave that principle a great deal of consideration at the end of 1941 when the hon. member for Comox-Alberni urged us to do the same thing about the additional $5. I think what I said to him was that in time of war we did not want to swing that sort of club on provincial governments. I do not think we should have a different age for different provinces across the country. I think we should wait until the provinces are pretty well in agreement on this matter of ages, and therefore I put what I have said in regard to age in the same language exactly as I did in reference to the $5 increase. That is, when all or substantially all the provinces make representations in favour of a lower age limit we shall give those representations consideration. Otherwise acute provincial political issues are raised. I can remember all through the years provincial elections almost being run on whether they should come in under the old age pension scheme. I do not think we want to raise that kind of thing in time of war. I think we want to keep this thing as uniform as possible and to wait until there is some generality of demand by the provinces.

Mr. NEILL: The minister speaks of uniformity. Uniformity is not necessarily desirable. To-day we have anything but uniformity in the amounts paid by the different provinces, some as low as $11, others $19.80 or something like that. Conditions vary. Living conditions vary. It might not be desirable to have unanimity on the one fixed rate. In fact it would not be, because the cost of living in British Columbia far exceeds the cost of living in some of the other provinces.

Mr. ILSLEY: I think it is desirable to have a fixed rate in the dominion and a similar age. Then let the provinces go ahead and do as much more as they like. There is nothing to prevent the provinces themselves from bringing the age down to sixty-five or sixty now and paying the pension at that age. I do not say they should do that, although they have far more money than we have. All of them have large surpluses, and, as this committee knows, we have enormous deficits. Hon. members are pressing us all the time, nevertheless, to go into that field and do it all ourselves when the provinces should take the load.

Mr. GRAYDON: Could the minister give the committee any hint as to when this long looked-for dominion-provincial conference is to take place?

Mr. ILSLEY: As soon as we can get around to it. I am not in a position to make a statement on that. A statement could be made if the hon. gentleman wants it, not on the time, but on the present stage of the negotiations with the provinces.

Mr. GRAYDON: Perhaps I had better ask a question of the Prime Minister on that?

Mr. ILSLEY: Whatever the hon. gentleman would like to do.

Mr. JOHNSTON (Bow River): The minister said there is nothing to stop the provinces from lowering the ages to sixty-five or sixty under the present set-up if they want to do so. The dominion would not pay its share for those new applicants?

Mr. ILSLEY: No; it would not pay anything.

Mr. JOHNSTON (Bow River): Therefore if the provinces lowered the age they would have to assume full responsibility—

Mr. ILSLEY: Yes.

Mr. JOHNSTON (Bow River): —for those who came in under that lower age?

Mr. ILSLEY: Exactly. I do not think I have anything more to say to the hon. gentleman. He has made certain suggestions about the time of the beginning, and all that sort of thing?

Mr. KNOWLES: I have one question to ask the minister, although when I read *Hansard* I may find that the answer is there. Did the minister agree with me to the point of giving an undertaking that he would have the departmental officials comb through those regulations and see what could be done about straightening out some of the grievances with a view to communicating further clarifications to the provinces?

Mr. ILSLEY: We are communicating with the provinces all the time more or less about this. There is a vast amount of correspondence with the provinces going on all the time. What I said was this: I would ask the officials to take this debate and make a list of the suggestions made in it, make a report on those suggestions; that is, say what they thought of them. We do not take the position that we will do anything with regard to these regulations that the provinces want us to do. It is sometimes right when the provinces or particular provinces say they would like to do so-and-so, for the dominion not to do it. Sometimes that is correct. I do not say their suggestions are not always correct, but there are ten views to reconcile with regard to those regulations, the views of nine provinces and the dominion. Sometimes you get them in agreement and sometimes you cannot.

Mr. MARSHALL: I should like to ask the minister a couple of very simple questions. My views are well set in regard to old age pensions; I want the age lowered and the amount increased. The first question I wish to ask the minister is: how much was allotted for this purpose up to March 31, 1944, and of that allotment how much was actually spent? I shall have another question to ask when this is answered.

Mr. ILSLEY: The hon. gentleman is speaking about old age pensions alone, is he?

Mr. MARSHALL: The list which appears at page 395 of *Hansard* shows the amount of $6,942,250 for old age pensions and pensions for the blind for 1944-45. Nothing at all is shown for 1943-44, which would lead one to believe that no allotment was made last year and no money was spent up to March 31 of this year. The question I am asking now is, what allotment actually was made and what amount of money was expended.

Mr. ILSLEY: Under the order in council of last August, passed under the War Measures Act, $4,500,000 was allotted from the war appropriation and $2,943,494.16 was spent; that is, for old age pensions.

Mr. MARSHALL: And pensions for the blind?

Mr. ILSLEY: The allotment for pensions for the blind was included in the $4,500,000 that covered both. The amount expended on pensions for the blind up to March 31, 1944, was $118,660.21.

Mr. MARSHALL: According to the statement made by the minister the other day, liens are not filed against the estates of these old people by the dominion government on amounts of less than $2,000.

Mr. ILSLEY: To get the groundwork right, the dominion government does not file any liens against anybody.

Mr. MARSHALL: That is my understanding; if any liens are filed, that is done by the provincial government.

Mr. ILSLEY: Right.

Mr. MARSHALL: Has the dominion government collected anything from old age pensioners, through the provinces, on account of

the money that has been expended by the dominion? If so, what amount has been collected, say up to March 31, 1944?

Mr. ILSLEY: Does the hon. member mean altogether, or for the one year?

Mr. MARSHALL: I should like to have it for last year, and if the minister has the total to date I should like that as well.

Mr. ILSLEY: I have not the figures here; I have seen them, but I would not like to give them from memory. It is true that some money has been collected from estates of deceased pensioners, of which seventy-five per cent has been paid to the dominion government.

Mr. MARSHALL: Would the minister bring down those figures? I should like to have them.

Mr. ILSLEY: I had better send them to the hon. gentleman; there will not be time to bring them down during this debate.

Mr. MARSHALL: All right; thank you.

Item agreed to.

Payments to millers and other manufacturers of wheat products, $15,000,000.

Mr. ILSLEY: I wish to make a statement on this. A statement never has been made to the house, and I feel that the country is indebted to the millers for the cooperation they have given in this matter.

These payments relate to the maintenance of the price ceiling, but are shown separately because they are administered by the Canadian wheat board on behalf of the Minister of Finance. As hon. members are aware, flour prices are not permitted to rise above those prevailing in the base period, September 15 to October 11, 1941. Wheat prices, however, have not been subject to the same degree of control; and when in August, 1942, the Canadian wheat board initial price was raised to ninety cents for No. 1 northern in store, Fort William, flour millers were subjected to a serious squeeze. After an investigation by the wartime prices and trade board into milling costs it was decided to make payments to flour millers and other manufacturers of products using western wheat in respect of their domestic sales at a rate equal to the difference between the average monthly price of No. 1 northern wheat and 77⅜ cents, which was the highest price recorded in the base period when flour ceilings came into effect. This basis of payment was in effect for the year beginning August 1, 1942.

An important change in the basis of payment was made on August 1, 1943. It had been recognized that millers could not be expected to produce flour for sale in the domestic market if they were unable to obtain western wheat at prices appropriate to the flour ceilings. Some mills, however, as a result of war conditions, were enjoying very large and increased export business, which enabled them to earn excess profits. Most of these increased exports are for Britain and are being financed, in part at least, by Canada. Under these circumstances it was difficult to justify payments to mills earning excess profits even though such profits may be attributable to the export business. After discussions with most of the mills principally affected it was decided to continue payments on the same basis as in the previous year but subject to the refund of any payments contributing to profits taxable at the rate of 100 per cent under the Excess Profits Tax Act. The net effect of this is that the mills will sacrifice the twenty per cent refundable portion of the 100 per cent excess profits tax on any government payments that would have contributed to profits in excess of 116⅔ per cent of standard profits.

I always intended to say on some occasion, and I want to say now, that I greatly appreciate the cooperation the millers have given the government in this matter.

Mr. ROSS (Souris): This item of $15,000,000 is for 1944-45, but there is no item in the 1943-44 column. I was not quite able to follow the minister's statement, in view of a return which was brought down on March 6.

Mr. ILSLEY: The allocation took place in August, for some reason or another. I do not know why there was not some allocation in the spring, at the time we presented our war appropriation for 1943. That is the point the hon. gentleman is making, is it not; that there was no allocation last year with which to compare it?

Mr. ROSS (Souris): Yes.

Mr. ILSLEY: It may be that we expected that subsidy to come out of the subsidies payable by the wartime prices and trade board. That is the explanation which occurs to me.

Mr. ROSS (Souris): It would be the Commodities Prices Stabilization Corporation?

Mr. ILSLEY: We expected that would be the source of the subsidy, but the wartime prices and trade board did not do it under the corporation, so that later in the year we got an allotment out of the war appropriation, which does not show in the figures presented to the house in the spring of 1943.

Mr. ROSS (Souris): Is it expected that this $15,000,000 will take care of all subsidies for the next calendar year?

Mr. ILSLEY: Yes.

Mr. ROSS (Souris): In a return brought down on March 6 of this year I asked this question:

How many bushels of wheat were used by the millers of Canada during each of the years 1942 and 1943?

The answer was:

1942—93,134,762 bushels;
1943—108,448,431 bushels.

The prices prevailing over the subsidy paid for 1942 and 1943 varied all the way from 11⅝ cents to 30⅝ cents. The subsidy paid last January on this same basis on No. 1 at Fort William was 47⅝ cents and on durum, 52⅝ cents. I suppose that will prevail right through and be based on the $1.25 price. I assume there is just as good a demand for flour now as there was in those years.

Mr. ILSLEY: The hon. gentleman has not taken into account the profit control factor of the arrangement. The subsidy is reckoned on the basis of the difference between 77⅞ cents and $1.25, but the arrangement made with the millers for the present grain year which ends July 31 is that that amount will be reduced by the extent to which their profits exceed 116⅔ per cent of their standard profits.

Mr. ROSS (Souris): Excess profits.

Mr. ILSLEY: Yes. That is the reason why I expressed my appreciation of what the millers are doing, because it really worked out to reduce their profits on their export business although this is a subsidy in respect of domestic business. I do not know whether that arrangement can be continued for another year, because there is considerable objection to it by some millers, but they have been very fair to date; I will say that.

Mr. ROSS (Souris): I was just asking for information. Have you figured out on a monthly basis the refunds made on the excess profits up to the end of the year?

Mr. ILSLEY: It would have to be at the end of the financial year.

Mr. WEIR: I am sorry I did not hear all of the minister's statement. Does this arrangement take into consideration the mills grinding only for domestic use as well as those in the export business? I am thinking particularly of the small mills in the west who would not be in export business. I wanted to know if this arrangement worked out on the same basis as it does for the exporting mills.

Mr. ILSLEY: They get the full subsidy except to the extent that the subsidy might push them up above 116⅔ per cent of their standard profits. It does not make any difference whether they are in the export business or not; it is simply that the export end of the business has been more profitable for most companies and that is how a reduction in subsidy was obtained.

Mr. SENN: Would the eastern mills grinding winter wheat for pastry flour enjoy this subsidy as well as the western mills that are grinding hard wheat?

Mr. ILSLEY: I think so, although I do not know. The idea of the subsidy is that they must sell their flour for what it sold for in the basic period, and therefore they have to buy wheat at the price they were buying it for in the basic period, or at something near that figure. I should think they would have to be subsidized if wheat has gone up in price. It may be that it has not, because I understand that wheat in Ontario was fairly high during the basic period.

Mr. ROSS (Souris): I understand that millers are subsidized on the same basis and that there is no distinction between the different mills as referred to by the hon. member for Macdonald.

Mr. ILSLEY: That is right.

Item agreed to.

Housing conversion programme, $3,755,000.

Mr. NOSEWORTHY: Would the minister give us the statement as to what has been achieved under this programme.

Mr. ILSLEY: I will give a statement of the houses converted into apartments and those under construction as of April 30, 1944:

Completed and occupied April 30, 1944	Houses	Apartments provided
Quebec	2	16
Montreal	8	66
Ottawa and Hull	17	94
Toronto	7	25
Hamilton	9	46
Brantford	3	15
Vancouver	9	80
Victoria	5	24
	60	366
Under construction		
Quebec	9	120
Montreal	20	140
Ottawa and Hull	2	19
Toronto	2	16
Hamilton	3	19
Kingston	2	18
Galt	1	5
Fernie	2	44
Vancouver	21	298
Victoria	7	72
	69	751

If we add those that are completed and occupied to those under construction we get 129 houses to provide 1,117 apartments.

Mr. HAZEN: Have any steps been taken to bring this plan into operation in the maritime provinces? I remember some time ago I wrote to the officer in charge about some reconstruction in Saint John, and if my memory serves me correctly he told me that he was on his way to British Columbia but that when he returned he hoped to go to the maritimes to look into the situation there.

Mr. ILSLEY: The extension of the plan to Moncton, Saint John and Halifax is authorized, but no work has yet been done in any of those cities.

Mr. MacNICOL: What is the total number of apartments?

Mr. ILSLEY: The total number of apartments provided or being provided is 1,117 from 129 houses.

Mr. MacNICOL: That makes an average of from two to three thousand dollars apiece. The total amount is $3,755,000.

Mr. ILSLEY: I have not given any figures of cost.

Mr. MacNICOL: The figures are here—housing conversion scheme, $3,755,000.

Mr. ILSLEY: That is not what has been done. That is for the current year.

Mr. MARSHALL: How much was spent last year?

Mr. ILSLEY: The total expenditure to the end of March was $842,201.48.

Mr. MARSHALL: How does this scheme differ from the national housing scheme, the wartime housing plan and the home improvement plan? Is it a different scheme entirely?

Mr. ILSLEY: Oh, yes; it differs in an infinite number of ways.

Mr. MARSHALL: Cannot one tie in with the other?

Mr. ILSLEY: It is nothing like the others. Under this the government leases large houses for a number of years, converts them into apartments and then rents the apartments at an amount estimated to bring the government out even at the end of five, six, seven or eight years. The government agrees to turn the property back to the owner in its converted condition at the end of that time.

Mr. MARSHALL: Is it not possible to consolidate some of these housing schemes?

Mr. ILSLEY: No; this is not like any of the others, and none of the others are alike.

Mr. MacNICOL: What is the number of applications for this year?

Mr. ILSLEY: Does the hon. member mean tenants, or property owners, or cities?

Mr. MacNICOL: How many applications from Toronto, say, to convert these large houses into apartments, and how many apartments is it anticipated will result from conversion in the city of Toronto this year?

Mr. ILSLEY: There are no applications. The government has to take the initiative—I would not say that that is 100 per cent the case. In Toronto the number of units occupied on May 1 was thirty-four; the number of units under construction sixteen, and the number of additional units estimated to be under construction before December 31, 1944, 166.

Mr. POULIOT: Housing is an urgent matter to a large number of Canadian citizens, and there is no reason why members of parliament should be deprived from taking advantage of housing legislation. It seems to me that it would be in order to amend the Senate and House of Commons Act to allow members of parliament to enjoy the same rights as any other Canadian citizen to live in houses of their own under the government housing scheme. Members of parliament should not be permitted to take advantage of the legislation to build apartments or houses to rent out. I hope the minister will consider the matter and give his thought to it so that housing of which we hear so much may become an accomplished fact in the near future. To my knowledge people are living in sheds and barns. That may do in the summer but people should have better accommodation than that in the winter. The minister is open-minded and, I am sure, will realize that fact, and I trust that he will consider favourably the suggestion I have made regarding members of parliament and members of the senate as well.

Mr. ILSLEY: The difficulty is the Independence of Parliament Act, is it?

Mr. POULIOT: Exactly.

Mr. ILSLEY: That can be given consideration, but I do not know that we would be justified in bringing in an amendment to the act.

Mr. POULIOT: Let me explain to the minister. Suppose that a member of parliament is a tenant and wants a home of his own. He would be satisfied with a modest little home just the same as the labouring man or anybody else in this country. All other Canadians can take advantage of the housing schemes, and I do not see why the Independence of Parliament Act should not be amended to permit a member of parliament to

have his own little home under a government housing scheme the same as any other Canadian citizen.

Mr. ILSLEY: Some members might say that they are entitled to have their own little contracts with the government just like any other Canadian citizen, but they cannot.

Mr. POULIOT: I have been told that some members of parliament are shareholders in companies which build a lot of these houses, and have contracts for building from twelve to twenty houses. If they can do that, why cannot a member of parliament have his own little house?

Mr. REID: In connection with the renovating of old homes on the Pacific coast complaint is made that they are allowed a rental which represents a ten per cent increase over the rental of modern apartments in the same vicinity. A great deal has been said regarding the plight of tenants and no doubt much may be said on their behalf. On the other hand, something may be said for landlords who own houses. I know of one landlord who rented a house for $25 a month. The man to whom he has rented it draws $80 a month from that same house. The landlord pays all the taxes and all the upkeep and takes all the responsibility for $25 a month, while the man who has the house lives in a two-room suite in the basement, rents the rest of the house, and draws $960 a year in rentals. That is a serious complaint.

Mr. ILSLEY: That has nothing to do with this plan.

Mr. REID: It comes under the renovation of homes. Why should old homes that are renovated be allowed a higher rental than modern suites right in the same vicinity?

Mr. ILSLEY: I know there was complaint in Vancouver. I did not hear it from anywhere else. We went into that very carefully and I thought I had it straightened out. I know the housing administration agreed with the wartime prices and trade board that they would not transgress the rental ceiling regulations, and I have every reason to believe that they carried out that agreement. They say they have anyway.

Mr. KNOWLES: As the minister has already indicated, this housing conversion programme is just one of the ways in which the government has tried to do something about the housing situation in time of war. The minister has already announced in this chamber that certain other steps will be taken in due course. As he knows, in practically all our cities our local municipal people are quite concerned about the housing situation. Many municipal councils and voluntary bodies are giving a great deal of study to the whole question. Bearing in mind the fact that the minister and his officials will be giving consideration to ways and means of supplementing this part of the programme with other housing legislation, I should like to draw to his attention two suggestions which have been placed in my hands, with the thought that consideration might be given to them now, in advance of the presenting of that legislation.

The first suggestion is contained in a resolution sent me by the Winnipeg council on rehabilitation and post-war reconstruction, which is one of the voluntary bodies to which I referred a moment ago. I will quote the resolution:

> Whereas there are at all times considerable differences in the cost of identical structures in the various cities and provinces of Canada,
>
> And whereas unavoidable variations also arise from differences in climate, subsoil, drainage and other physical factors,
>
> Resolved that this council urge parliament, in its revision of the housing acts, to take these regional differentials into account in:
>
> a. Setting the upper limit of cost-per-unit for low-rental housing projects, and
> b. Prescribing the lending values and the maximum amount of individual loans on single-family units.

The other suggestion I would make to the minister in advance of any legislation which may be brought down is, in my view, an urgent matter. I endeavoured to ask a question about it the other day, but it was intimated that I might ask it in another way, and I put it to the minister now. In view of the announcement made by the government, which announcement we welcome, to the effect that something is to be done about housing, there is an increasing demand for building lots upon which homes may be built in various cities, and that increasing demand results immediately in the prices of these building lots starting to go up.

Mr. ILSLEY: Are they actually going up?

Mr. KNOWLES: I have been advised by at least one real estate agent—of all people—in the city from which I come that that is taking place right now, and the fear was expressed to me that it would nullify to some extent the advantages of the government's housing proposals. My suggestion is that it might be proper and consistent with what the government is doing to arrange for the freezing of prices of lots available for the erection of new homes. The price at which lots would be frozen would have to be related to something—the assessed value, or the value of the home to be built, or as the minister might

determine. It seems to me that the question should be considered along with other plans for helping to relieve the housing situation.

Mr. ILSLEY: I will ask the officials for a report on that proposal. We considered it in the past and thought it was entirely impracticable, and I think still it may be entirely impracticable, but I will not shut my eyes to the possibility of something along that line being done. I can see plenty of grief ahead if we try to place a price on real estate.

Mr. KNOWLES: I will tell the minister privately from whom the suggestion came.

Mr. GRAYDON: I am very much interested in the suggestion of the hon. member for Winnipeg North Centre, and I ask him—only for information with respect to it—to what basic period would he hitch the price in a freezing arrangement for real estate? Good as the plan may be—and I understand what he has in mind—the difficulty will be to find some base upon which to set the price at which the land will be frozen. Has he any practical suggestion with respect to that?

Mr. KNOWLES: This problem is one which literally is as old as the hills, namely, the way in which land values rise when a demand is created in this way. It strikes me that some such period as the present time, or the period just prior to the recent announcement of the proposals by the government for the building of homes, might be a suitable time. The difficulty involved was my reason for suggesting, when I spoke earlier, that the problem would have to be worked out by the department, preferably with reference to one of the bases I suggested, but it seems to me that it should be tackled, lest some of the good involved in the government's plan be lost in these increased prices of building lots.

Mr. FRASER (Peterborough West): I do not think there is any increase in the cost of building lots. I know of a great number of lots in Toronto, Hamilton and Peterborough which would sell now for much less than they did away back in the boom days. Some lots which cost as much as $500 can now be bought for $50 or $100. People are glad to get rid of them; they cannot carry them because of the income tax.

Item agreed to.

Sundries, $178,720.

Mr. MacNICOL: Of what is this amount made up?

Mr. ILSLEY: Expenses of administration, employee's plan, $164,220; overseas cheque adjustment branch office, $3,500; payment of premiums on the purchase of Dominion of Canada registered stock, $1,000; payment of losses of remittances for war savings certificates and stamps, $8,000; miscellaneous small loses on war savings certificates, stamps, et cetera, $2,000; total, $178,720.

Mr. MacNICOL: How would the losses in connection with the stamps occur?

Mr. ILSLEY: The $8,000 is to provide for payment of losses of remittances for war savings certificates and losses by fire or theft of war savings stamps or proceeds of the same in accordance with order in council P.C. 117359 of August 9, 1942. It is estimated that the average monthly loss will be between $650 and $700.

Item agreed to.

DEPARTMENT OF MINES AND RESOURCES

Surveys and engineering branch—
Prince Rupert–Terrace–Cedarvale highway, $3,000,000.

Mr. MacNICOL: About how many miles of the road are completed? I understood it was to be finished a year ago. Is it still under construction?

Hon. T. A. CRERAR (Minister of Mines and Resources): The total mileage of road to which we are committed in the construction is 110 and one-third miles. That includes the road from Rupert to Kitwanga.

Mr. MacNICOL: Alongside the river.

Mr. CRERAR: No; it is alongside the railway, and in some places alongside the river. When this matter was under discussion the other evening it was urged, I believe by almost all members from British Columbia, that the government should be a little more generous in reference to this road in northern British Columbia. I explained to the committee at that time the genesis of the road, and I need not repeat it now. It is true that, if not wholly, at least largely the military needs have disappeared.

Mr. GREEN: We hope.

Mr. CRERAR: Yes, as we see it at the moment. I have gone into the matter since we discussed it before, and although it is difficult to make a definite statement now, possibly we may be able to save something on the amount appropriated for the maintenance of this 110 miles of road. That depends on weather conditions and on spring freshets which may carry out small bridges and culverts. There is the possibility, however, that the amount estimated may not all be required. If it is not, then I am quite willing

to say to the government of British Columbia that if they will duplicate what we provide for the measure of rehabilitation of the road from Kitwanga to Hazelton, which was the contention advanced the other night, we shall be prepared to go ahead. I justify that solely on the possibility that the road may yet have to serve a military purpose.

I understand that on the Kitwanga-Hazelton section there is a road of sorts in existence, and that the work to be done is that of rehabilitation and bringing it up to a higher standard, with particular attention to a few short distances which under certain weather conditions are almost impassable. It was the intention of the government to bring the matter to the attention of the government of British Columbia. After all, for military purposes we have spent something like $11,000,000 —or will have spent it—on this stretch of road including maintenance. And when the war ends it is scarcely to be expected that the federal government would maintain it. It would then be the responsibility of the province, and the road will be handed over to the province without any expectation of repayment.

Mr. CRUICKSHANK: Is that the complete road?

Mr. CRERAR: The road as it is—as it will be completed.

Mr. CRUICKSHANK: What good will it be that way?

Mr. CRERAR: The completed road?

Mr. CRUICKSHANK: No; it is not completed.

Mr. CRERAR: I am speaking of the section we are completing. This road was built for military purposes. When the military need disappears the road is turned over to the province, without any expense. In effect, what happens is that, because of the military need for this road, British Columbia gets over 111 miles of completed road which cost over $10,000,000, and we are not asking the province to repay any of it.

Mr. CRUICKSHANK: Well, why should they?

Mr. CRERAR: I am not suggesting that they should. I believe I have covered the information the hon. member wants.

Mr. GREEN: Will the dominion maintain the road until the conclusion of the war with Japan?

Mr. CRERAR: I will not attempt to make any prediction now as to what may be done next year. There is in this vote an amount that our engineers estimate will be sufficient to maintain it for the present fiscal year.

Mr. CRUICKSHANK: I should like to ask a question. Probably the hon. member for Skeena would like to speak.

Mr. HANSON (Skeena): The explanation given by the minister seems to be satisfactory. He says they are going to complete the road, and he hopes they will have ways and means to fix up the gaps on the provincial highway. Probably we should not expect him to go farther than that.

Mr. POULIOT: I have no objection to that road. On the other hand I cannot see why nothing has been done in connection with an old military road between Rivière du Loup and Madawaska, through Edmundston, and so on. It is an old military road, part of route No. 2, and the government has not done anything in connection with it. For some time money was spent on the trans-Canada highway. The province of Ontario had millions upon millions of dollars, and the province of Quebec had very little. We are now at war. We have a military road in the east, offering the best outlet between the St. Lawrence and the state of Maine. We have as our ally the United States, and there is a good deal of traffic in that locality. When military trucks go to Halifax they pass that way, because it is the shortest route. It is protected, and I cannot see why something is not done for that route.

I now bring the matter to the attention of the minister. He is a broadminded man, and has already done some things at my request. They were not big, in themselves, but I appreciated them just the same as if they had been very big. I hope this time he will realize the importance of this connecting link between the St. Lawrence river, particularly the county of Témiscouata, and the county of Madawaska, from which the Minister of Transport comes.

When one of the minister's lamented colleagues was Minister of Labour, the Hon. Mr. Rogers, some intrigue was made to change the course of that highway. Mr. Rogers would not allow it. He understood the strategic importance of the road. His opinion was most valuable from a strategical point of view, because afterwards he was appointed as the one and only Minister of National Defence, at the start of the war. He had as much military experience in his own head as the three present war ministers have now. And for all those considerations I hope the minister will pay due attention to the matter, consider it and recommend it to his colleagues, for the best interests of this country.

Mr. CRERAR: The road to which the hon. member from Témiscouata refers is one that certainly should have consideration in the post-war development of this country. As my hon. friend has quite properly stated, it will be recalled that from 1936 on, the federal government made a contribution to the various provinces to assist in building what were known to be tourist roads, or roads which might serve tourist purposes. I certainly hope—and I am expressing my own personal views—that consideration will be given to that when the war is over.

But the road we are now considering, from Kitwanga to Prince Rupert, was not assisted because it would develop into a tourist route. The purpose of this expenditure was purely military. If that necessity had not arisen I can say to the committee that the government would not have spent a dollar on this road. I hope that explanation will satisfy my hon. friend to some extent.

Mr. POULIOT: I think the minister is halfway to conversion, but I would tell him that the hon. members from British Columbia have insisted all the time that there was a danger to their shores, and so on. I supported them, but when it comes to the east we are very much exposed. The hon. member for Gaspé and I were laughed at when we spoke of the danger. We do not know the future. We do not know what the enemy contemplates doing on the eastern coast. The war is not yet over. The Prime Minister told us not long ago that the war was far from won and that we would still have a long time to fight before it was won. Mr. Churchill said the same thing. I am not asking this from the tourist point of view. I ask it for the army men who travel there in their trucks and bring ammunition and other war materials. I had hoped that the minister would understand it. I know it is easier for him to understand those problems than any one of the three war ministers, and that is why I ask him to-night. I do not object to what has been done for Prince Rupert and British Columbia, but there is a possible danger in the east. I am not a scaremonger, but I can use the same language as western members have used.

Mr. HANSON (Skeena): You have no Japanese.

Mr. POULIOT: No; but the Germans came close to our shores and it is precisely because the hon. member for Gaspé and I insisted on better protection that the danger was not so serious last summer. I will tell the hon. member for Skeena that I do not object to what has been done for his constituency. The Japanese have their eyes not only on Prince Rupert. We do not know what is in the mind of the enemy. We must be ready to repel any attack, and as we boast of our friendship and amity with the United States the first thing we should expect is good roads to connect the two countries. I would think it foolish to ask something only for my constituency. I do not ask it only for my constituency; I ask it for eastern Canada because it is the best link between United States and Canada. I bring it to the attention of the minister in the hope that something will be done in that regard.

Mr. MARSHALL: I have one simple question to ask the minister. I understand that a substantial amount of money, something over a quarter of a million dollars, was advanced to contractors to purchase machinery on this road. How much of this money has been paid back and how much remains unpaid?

Mr. CRERAR: If I understood my hon. friend's question aright it was, did the government purchase machinery?

Mr. MARSHALL: The government advanced a sum of money in excess of a quarter of a million dollars to purchase machinery. Of this amount a certain quantity has been recovered. How much has been recovered and how much is outstanding?

Mr. CRERAR: There was an amount of $210,000 of machinery purchased or provided by the department. That was charged up against the contracts.

Mr. MARSHALL: It does not seem to be right, somewhere or another.

Mr. CRERAR: I cannot hear my hon. friend.

Mr. MARSHALL: On page J-63 of the auditor general's report for the year 1943, there appears this item:

> Recoverable expenditure in connection with purchase of machinery on behalf of contractors amounting to $258,598.44 of which $152,576.16 has been recovered, leaving a balance of $106,022.28 outstanding.

Of that debt, how much is still outstanding?

Mr. CRERAR: I am advised it is all paid back. There was some question of priorities. It was essential that the contractors get the machinery. They were unable to do so. The department was able to get the necessary priorities for the purchase of the machinery and it was turned over to the contractor. It has all been paid back. That is the advice my officers give me.

Mr. MARSHALL: I am not questioning the transaction. I asked if it had been cleared up.

Mr. CRERAR: I can say to my hon. friend that I am advised it has been all cleared up.

Item agreed to.

Employment of persons of the Japanese race and/or Japanese nationals, $1,000,000.

Mr. NEILL: Mr. Chairman, I will not detain the committee, and I do not propose to reopen the whole Japanese question because we discussed it the other day and we rested on the promise of the then acting leader of the government that we would have a definite statement of policy from the Prime Minister later on. I am rising to-night only to make a correction in a statement that has been very much circulated. I might pause here for a minute to say I wonder why it is that whenever this subject comes up the information furnished to the public is so very often misleading and invariably misleading in favour of our Japanese enemies. The hon. member for New Westminster in his speech the other day said, I think, that there was a group of officials in Ottawa—I do not exactly know how he put it —who were very, very sympathetic to the Japanese. I begin to think he is right.

As I say, why is it that information is always or often at any rate false and apparently so absolutely innocent. The other day the Minister of Labour made this statement. I am sorry he is not in his seat at the moment, but before I say what I am going to say, may I say that I am perfectly certain he did not intend to deceive the house when he made his statement. He is not built that way. Before he made the statement he expressed sympathy with our point of view. He said, as reported in *Hansard,* that seventy-five per cent of the Japanese in the dominion were born here. Well, that is absolutely and entirely false. That is all that is wrong with that. The correct figure is twenty-eight per cent—a vast difference. Once you start a lie going, goodness knows how far it will go. I repeat that the minister did not make that false statement wilfully. He just repeated what somebody else had handed him. Some day in the distant future perhaps we shall be able to get around to those officials alluded to by the hon. member for New Westminster and deal with them adequately. Look how it spreads. Here is an article in "Canada at War." It is supposed to be an accurate description, of course, of our efforts in action in the war. This is what appears on Page 55:

Seventy-five per cent of the Japanese in Canada are Japanese-Canadians.

That is, born in Canada, as stated by the Minister of Labour. As I say, the only trouble with that is that it is entirely false. There can be no doubt about that. I have in my hand a booklet called "Removal of Japanese from the Protected Area in British Columbia." It is a report issued by the British Columbia security commission. They knew all about it, if anyone did. Here is what they say on page 3:

In March of 1941 the many thousands of Japanese domiciled in Canada, practically all of whom were in British Columbia, had been required to register themselves with the Royal Canadian Mounted Police, and the resulting records reveal the following details: Canadian born 6,727, naturalized 7,011, nationals—

That means Japanese not naturalized.

—9,758; United States citizens 16; total 23,512.

If you analyse those figures you will find that instead of seventy-five per cent being Canadian born, it is only twenty-eight per cent. Why the difference? Oh, if you trace it down far enough somebody will say, "We made a mistake," but why are the mistakes always on the one side? This pamphlet is circulated far and wide; it goes across the country, to our men in the trenches and everywhere else. "Oh," they say, "do not make a fuss about it; seventy-five per cent of the Japanese are born in Canada." It is not seventy-five per cent but only twenty-eight per cent.

Here is something else which was just put in my hands, and remember that I do not go around hunting for trouble. Not long ago the hon. member for Peterborough West asked for a return showing the Japanese who have been allowed to remain in the protected area, out of which they were all supposed to be moved. The return brought down—and I did not ask for it—showed something like ninety-seven. I glanced over the list, and was attracted by the occupations of these people who have been allowed to remain in a protected and therefore dangerous area. Some of their occupations are: aircraft fitter; Empress hotel laundry; retired; no occupation; lawyer; warehouse foreman; cook-house employee; tap dancer—you will readily understand the necessity for having a tap dancer remain in this area—floor lady; factory worker; candy packer; dentist, and so on. I thought there was something funny about it, and took it upon myself to write the department concerned and ask why it was necessary to have so many Japanese in that area. They wrote back and said that they had looked into the thing and that there had been a mistake of forty, that some forty of these people should not have been on the list. Can they not bring down a return covering ninety-seven people without being wrong about forty of them? If I had not dug into that it would have gone out to the world, whatever object they sought to achieve by making this mis-

leading statement in a return brought down at the request of the hon. member for Peterborough West.

I rose for the purpose of putting hon. members straight about that seventy-five per cent, but while I am on my feet perhaps I may be permitted to present something else to the committee which came to me not half an hour ago. I have in my hand a copy of a bill introduced in the house of representatives at Washington on May 9, 1944, not a month ago, by Mr. Mott. The bill is, "To provide for the deportation of Japanese aliens." I quote the first sentence of section 2:

> Within thirty days after the approval of this act the attorney general of the United States shall proceed to prepare warrants for the deportation of all undesirable aliens as defined in section 1 of this act.

I think it was the minister now before us who told us the other day that to a large extent we would have to be guided by the policy of the United States in regard to the Japanese. Well, this is a sample of that policy. Of course this bill has not been passed as yet; it was introduced only three weeks ago, but at least it is evidence of what some thinking and perhaps foresighted men in the United States congress are doing. I must correct myself. It was not the minister now before us; it was the then acting leader of the government who said that we would have to be guided to some extent by the policy adopted by the United States. At any rate I would present this bill as an illustration of what the people of the United States are thinking about this subject.

Mr. STIRLING: Would the minister break down this item? Obviously it covers the use of Japanese in the work under the surveys and engineering branch. Would he describe where they are working, and would he say what proportion of them are Canadian born and what proportion are Japanese nationals?

Mr. CRERAR: I do not know that I can answer the last question asked by the hon. member for Yale. I should like to make it clear to the committee that the surveys and engineering branch of the Department of Mines and Resources is simply supervising the work the government decided should be done by these Japanese. Other than that we as a department have no interest in it. There are several projects upon which the Japanese have been employed. There is the Hope-Princeton highway in British Columbia, the Revelstoke-Sicamous highway, the Yellowhead-Blue River highway, which I think is up on the North Thompson river or somewhere in that part of British Columbia, and in addition a small number were employed on the trans-Canada highway at Schreiber, Ontario.

Mr. STIRLING: Only those four projects in Canada?

Mr. CRERAR: Yes; those four highway projects. At April 1, 1943, we had employed on these various works some 876 Japanese. By January 31, 1944, that number had decreased to 498, and it has further declined to 417 as of May 20 of this year. The decline in the number engaged in this road work is explained by the fact that they have been put at other work. A number were taken away to work in the sugar beet fields of Manitoba, and I think a number were brought to Ontario for the same purpose. Some of them are working on farms as agricultural labourers. They are working at different jobs all the way from the eastern boundaries of British Columbia to Ontario. That explains the decline in the number employed on these road projects, and is also the explanation for the decrease in the vote asked for this year as compared with last year.

Mr. STIRLING: Could the minister divide the 417 as among the four projects?

Mr. CRERAR: Yes. As at May 20, on the Hope end of the Hope-Princeton highway there were ninety-six, and on the Princeton end, 150; on the Revelstoke-Sicamous road, fifty-nine; on the Yellowhead-Blue River road, ninety; on the Trans-Canada highway at Schrieber, twenty-two.

Mr. REID: Why should we require a million-dollar vote to take care of only 417 Japanese? That works out at about $2,400 each, which is more than is earned by a good many Canadian citizens. I am wondering why this amount should be required.

Mr. CRERAR: At the time these estimates were prepared there were about 520 Japanese employed in this work, and the number might increase again; some of those employed elsewhere might be brought back to these roads.

Mr. REID: How much are they paid per day or per hour?

Mr. NEILL: The more there are, the more expensive they become, apparently.

Mr. CRERAR: I am advised that they are paid twenty-five cents an hour, but in addition this vote covers the purchase of equipment. All this money does not go in wages, by any means; it includes equipment and supplies.

Mr. CRUICKSHANK: What equipment is there on the Hope-Princeton highway? On one of my visits all I saw operating was one broken down bulldozer and one shovel. What equipment does the federal government supply?

Mr. CRERAR: I am told that there was some equipment rented or supplied by the British Columbia government, and then other equipment, such as trucks, tools and so on, had to be purchased. The total vote this year is $1,000,000 as against $2,200,000 last year.

Mr. NEILL: That makes $3,200,000 in two years. It would have been cheaper to keep them in drawing-rooms.

Mr. CRERAR: The estimated expenditure for last year was $1,014,000.

Mr. REID: How much road work did they do for that?

Mr. CRERAR: I think I can give my hon. friend that information. Here are the details of the Hope-Princeton project. Length of project when work began, 88·8 miles. On the Princeton end existing road and tote road have been improved, cleared out and made passable to Allison Summit, a distance of fifty miles from Princeton. In this section six miles of standard road, twenty to twenty-four feet in width, have been constructed.

On the Hope end the partly graded road between Hope and Tashme has been maintained, widened and improved over a distance of fourteen miles. This work included some new simple bridges. Work has been continued on the pioneer road towards Allison Summit, and this road has now been connected through, but is not yet suitable for general travel. Progress has been made on the 1·6 mile revision at mile 4 from Hope.

At the inception of the Yellowhead-Blue river project there were 115 miles of road impassable—that is rather an Irish way of putting it—or not opened up between Yellowhead and Blue river. The work of the Japanese has been concentrated on constructing a tote road passable to cars and trucks between these two points. Up to the present time there is a total of 99·5 miles of road passable to trucks, and with the addition of some unconnected sections that are ready, there is only a total of some six miles of tote road north of Blue river to be completed. The bridge over the North Thompson river near Gosnell has been completed.

Work on the Revelstoke-Sicamous project has consisted of improving alignment and reconstruction on various sections along some 44½ miles of the trans-Canada highway westerly from Revelstoke. Standard road is being built, and a substantial amount of work has been done. During most of the construction period five work camps were operated, but late in 1943 this number was reduced to three, in view of the taking of Japanese to other projects.

There would have to be a good deal of heavy equipment for that type of construction in a mountainous country. As I said a moment ago, some of that was supplied or lent by the British Columbia government, but a good deal had to be purchased. Camps supplies and so on had to be purchased.

Mr. CRUICKSHANK: When the construction was going on, there were two small bulldozers which had been supplied by the provincial government and two compressors, neither one of which would blow up a bicycle tire. There was only one bulldozer which was supplied by the federal government and which came from Banff. Then there were one Ford truck, one Ford light delivery truck and a small shovel. I know this because I went there many times since this project is in my riding. I am not complaining of what the minister's department has done, but with the excessive rates being paid. I think the federal government would have been well advised in spending some money on decent equipment in order that we might accomplish something. I understood the minister to say that the Hope-Princeton highway was a passable road for forty miles. It might be called a passable road in Flin Flon but not in British Columbia.

Mr. REID: Passable for a mule team.

Mr. CRUICKSHANK: Not a mule team; passable for a mule up ahead with a camel in between. It certainly is not passable. I should like to know from the minister just what equipment there is on the Hope-Princeton highway. After all, we are paying out all this money and, since the wartime prices and trade board partly handles the money of the country, I think it would be sound economy to have a little equipment which would enable these Japs to accomplish something. I should like to know what equipment there is on the Hope-Princeton highway at present and what there was last year, and how much was supplied by the provincial government.

Mr. CRERAR: I am sorry, but I have not an inventory of the equipment used on the road out there. Some of it was supplied by the federal government and some of it by the provincial department. At any rate, there was enough supplied to have the work carried on.

Mr. CRUICKSHANK: No, no.

Mr. CRERAR: My hon. friend may say, "No, no". I have no doubt the work was handicapped by the type of equipment, but I would tell my hon. friend and the committee that it was very difficult to get priorities for equipment of that kind. I think the department did a creditable job with the equipment

they had. At the Hope end there were two shovels, four bulldozers, five to six trucks and the necessary small tools. I have not the list of equipment at the other end. This information may be of interest to the committee. In 1943-44 there was spent on the Yellowhead-Blue river project, $159,000; on the Hope-Princeton project, both ends, $409,000; on the Revelstoke-Sicamous project, $276,000 and on the Schreiber-trans-Canada project, $42,000. The administration costs were over $7,800.

Mr. CRUICKSHANK: Was the $409,000 on the Hope-Princeton project all labour?

Mr. CRERAR: That includes supervision, equipment, supplies for the men, the building of camps, wages and all that sort of thing. The committee will bear in mind that these camps must be up to certain standards, as must the treatment of the Japanese. We may not like it, but there are Canadians in Japan. I do not know just what percentage of these Japanese are Japanese nationals, but the camp conditions would be subject to inspection by the protecting power which Japan employs for supervision in Canada, just as would the situation of our Canadians in Japan be subject to inquiry and investigation by the protecting power that Canada uses in that country.

Mr. GRAYDON: Does Japan give us the same cooperation as we give her?

Mr. CRERAR: The standards are set by international law.

Mr. GRAYDON: Do both countries carry out that international law the same way?

Mr. CRERAR: I think so, as far as I know

Mr. CRUICKSHANK: No, no.

Mr. CRERAR: It is all very well to say, "No, no", but in answer to the question asked by the leader of the opposition I cannot say that I have any knowledge that it is any different. At any rate, those are the expenditures on the different projects. The work will be reduced this year because many of the Japanese employed on road projects have been taken to other work. A year ago—and also this year—a number were working in the sugar beet fields in Manitoba and, I think, in Ontario. Some are engaged in domestic service in some of the cities in the east, I have heard, although I have no actual knowledge of that.

Mr. CRUICKSHANK: I want to keep the record straight. I am not quarrelling with the $409,000, but I say that that $409,000 should not all be charged against the Hope-Princeton highway. According to the minister himself we must provide a certain class of camp and so on, so that part of the charge of looking after the Japanese is not properly chargeable to the highway. It has nothing to do with the construction of the highway. Am I not correct in that?

Mr. CRERAR: It depends on how you look at it. Here is a project on which we put Japanese. Certainly as minister administering a department I want to know every dollar of expenditure that goes into that project. I do not think it would make any difference in the total amount spent. The situation was that we had to move these Japanese from the Pacific coast for security reasons. I do not need to go into that because it is an old story that has been discussed many times in the house. The Japs had to be got away from the Pacific coast, and got away as quickly as possible. They had to be put at some kind of work. In the beginning a large number of them were employed on road projects in British Columbia. I think the expenditure on the road has been reasonable. I do not say for one moment that we have got the same value in work per man out of the Japanese that a contractor would have got who could dismiss a man if he was not satisfactory. We could not dismiss the Japanese from the road. We had to make the best of them. I think on the whole the work was carried out with credit to those in charge of it.

Mr. CRUICKSHANK: I think they did some excellent work on the Hope-Princeton highway. We are getting only two-bits-an-hour work out of them anyway. But what I want to make clear is this. The overhead of Tashme camp, the biggest Jap camp in Canada, should not be charged to the Hope-Princeton highway. I give the department full credit for doing excellent work in opening up that highway, but you would have got far greater value if you had procured some decent equipment for road building. That highway happens to be the kind where the greater part of the work must be done by heavy machinery, and you would save some of the taxpayers' money if you got decent equipment, instead of spending all this money on tap dancers or something like that.

Mr. CRERAR: I shall be glad to take my hon. friend's suggestions into consideration.

Mr. FAIR: Does the government set any particular rate of pay for Japanese working on farms, or do they receive the prevailing rate of wages in the district?

Mr. CRERAR: The Department of Mines and Resources has nothing to do with that. I have no information on that. My hon. friend will have to ask the Minister of Labour.

Mr. REID: I want to ask a question of the minister but, first I want to draw to the

attention of the committee and the country an important statement that the minister made this evening, the significance of which may have been overlooked. There are opinions in this country, both political and otherwise, that the Japanese in this country are Canadian citizens. But the minister in answer to the hon. member for Fraser Valley said that one of the reasons why we have to treat the Japanese in this country fairly is that there is an agreement governing the treatment we shall accord to the nationals of Japan and that if we do not treat them accordingly Japan will object. But if the Japanese in Canada are Canadians, why should we worry? I trust that everyone gets the significance of the minister's answer.

We in British Columbia hold that the Japanese owe allegiance to Japan, that Japan counts every one of them as her nationals, and the minister has substantiated our point of view because he has said that they are all Japanese, and they being Japanese we must not offend Japan by our treatment of these Japanese, because we have some Canadian citizens in Japanese custody and if we offend the Japanese in Canada Japan will hold us to account. I hope those who are championing the Japanese in this country will take note of the minister's statement to-night, which to me is very significant. He has said what we have always held and hold to-day, that in spite of all the froth and stuff being said about the Japanese in Canada, every one of them still belongs to Japan and Japan is holding us and will hold us to account.

Mr. GRAYDON: Who are championing the Japanese in Canada?

Mr. REID: The leaders of the Cooperative Commonwealth Federation in British Columbia are championing them. Let me draw the attention of the leader of the opposition to what was said a short time ago. The leaders of the C.C.F. in British Columbia are saying that those of us who hold the view that the Japanese in Canada are still Japanese and should be sent back to Japan are just indulging in political propaganda. It is the leaders of the C.C.F. who have brought this question into the realm of politics and who are saying that we are acting under a party whip, that the old parties have a whip and that they crack it over our heads. If you took a secret vote of the people of British Columbia you would find that the rank and file of the C.C.F. are with us in this fight. But they dare not open their mouths because their leaders say that they would rather retire from the party than submit to that kind of thing. This is going to be one of the fights in British Columbia. The leaders of the C.C.F. in British Columbia have become the avowed champions of the Japanese in this country, and of that I shall speak later on in this house. The statement of the minister to-night places the Japanese in Canada where we have always placed them. They belong to Japan, the minister says, and we must abide by the international agreement and treat the Japanese in Canada fairly.

The question I wanted to ask the minister regarding this vote, which is not as large as last year's vote, when $2,000,000 was spent, was this. Statements have been made in this house and in British Columbia that some of the work done on this road by the Japanese was a scandal. Delegations from the board of trade of Vancouver have said the same, that the road work done by the Japanese, who receive only twenty-five cents an hour, is a scandal. The minister speaks of dollar for dollar value. Has he taken note of this charge that has been made? Can he tell the people of this country that we are getting value for the money spent on the roads?

Mr. CRERAR: No. Under the circumstances I think we are getting as reasonable value for the money expended as we could expect. We have to keep in mind what the position is. The Japanese have been evacuated from the Pacific coast and sent into the interior of British Columbia. We employ them at work. If a Japanese is not working satisfactorily you cannot say, "You are off the job," as a contractor would say to a workman who was not giving him satisfaction. That probably results in not as efficient work from the Japanese as a whole as a contractor would get from a similar number of labourers he had hired to work for him. But in the light of all the circumstances I think a reasonable return is being secured for the money expended.

Somebody asked me a moment ago if I knew how many of the people employed on these projects were Japanese nationals and how many were not. I am unable to give that information. The hon. member for New Westminster states that Japan considers as Japanese nationals all these people, whether born in Canada or not.

Mr. REID: That is important.

Mr. CRERAR: I have no knowledge personally of the views of the Japanese government on this point, although I have no reason whatever to question the statement of the hon. member for New Westminster. Our officers cannot inform me how many may be regarded as Japanese nationals and how many, under our laws, would not be so regarded.

Mr. FRASER (Peterborough West): The minister mentioned a little while ago that we had to be very careful because of Canada having nationals in Japan. In the return mentioned by the hon. member for Comox-Alberni and dated Thursday, March 2, 1944, it is stated that in these camps they have 204 radios. I wonder whether the Japanese are allowing the Canadians in Japan to have radios. Also I see that in Roseberry camp we are supplying eight school teachers; in New Denver camp, thirty teachers; in Slocan camp, ten teachers; in Kaslo, nine; in Sandon, eight; in Lemon Creek, twenty-four, and in Tashme, twenty-nine. Are these children taught English or are they taught Japanese in the camps?

Mr. CRERAR: I have no knowledge on the particular point, because I believe the camps to which my hon. friend refers are not under the direction of this department.

Mr. FRASER (Peterborough West): Oh, yes; New Denver and Tashme are under the department; at any rate Tashme is. The hon. member for New Westminster mentioned the C.C.F. party in connection with the Japanese. I know that the hon. member for Vancouver East, who unfortunately is not here to-day, gave a talk here to a group of ladies who have what is called a school for citizenship every Wednesday night, and in his address he said that Japanese should intermarry with Canadians.

Mr. CRUICKSHANK: Who said that?

Mr. FRASER (Peterborough West): The hon. member for Vancouver East. He said practically the same thing in this chamber last year.

Mr. GILLIS: Nonsense.

Mr. REID: It won't be tried out in his family.

Mr. FRASER (Peterborough West): No; That is the trouble with the Cooperative Commonwealth Federation party; they like to try things out on somebody else, not on themselves. Could the minister find out if these teachers are teaching English or teaching Japanese. Every one of them is a Japanese. I think he should also find out if our nationals in Japan are privileged to have radios.

Mr. CRERAR: My hon. friend was referring to the camp at Tashme?

Mr. FRASER (Peterborough West): Yes.

Mr. CRERAR: That is not one of the camps where people are employed for this work.

Mr. FRASER (Peterborough West): Then will the minister name the camps?

Mr. CRERAR: Tashme camp is under the Department of Labour. I do not know whether the Japanese in these camps have radios. I cannot say, and I do not think anyone here can say, whether Canadians interned in Japan have them or not.

Mr. SINCLAIR: We can say that they have not. They have not even Red Cross parcels.

Mr. CRERAR: That may be.

Mr. SINCLAIR: That is so.

Mr. CRUICKSHANK: Just read the papers.

Mr. CRERAR: However, the camp of which the hon. member for Peterborough West was speaking is, I understand, Tashme. That is not one of these.

Mr. CRUICKSHANK: The men are taken from Tashme and come out on the road. Do not tell me they are not on the Hope-Princeton highway. I have ridden on a truck with them. The Japs get better treatment than I did.

Mr. STIRLING: I am very much interested in one statement the minister made this evening, namely, that part of this $109,000 was to purchase equipment for this road. I am fairly well acquainted with the Princeton end of the road, just as my hon. friend is acquainted with the Hope end of it, and I was not aware that the dominion government had any equipment of this kind on it. The road has been getting what equipment it could from the department of public works of British Columbia. If the government is purchasing equipment to get on with the work I commend the minister very highly for it, and I only wish he would buy some more, for this reason. The gap in this highway is one of the greatly desired things of the whole of the southern part of British Columbia and Alberta. It is sixty or eighty years since this road was started, and it has always been held up. The inhabitants in that neighbourhood have been looking on during the last one or two years at the work which the Japanese are doing on that road, in the great hope that it will be finished at last. Now the minister has the disappointing story to tell that the numbers employed are diminishing. A difficulty to which I think the minister did not refer is that only those Japanese go to the road camps who are ready to work at the road camps. My hon. friend has referred to the settlement at Tashme. The Hope-Princeton road passes close to Tashme, and there are I do not know how many, running into the thousands, of Japanese men, women and children there. But the difficulty is that if

they do not choose to work on that road work they can look up at it on the mountain side there but they do not work. No way has yet been found to induce the men of that Tashme camp to go out and work on that road; only those go out to work on it who are ready to do so for the remuneration paid to them. As that number dwindles and as the work is finished which labourers can do with shovels, all the more necessity for road machinery, and it needs only about one season's work with adequate machinery to get that long-desired work finished. Anything that the minister can do to increase the equipment will be very much appreciated all through the southern part of British Columbia.

Item agreed to.

Post-war construction programme—planning, $420,000.

Mr. FRASER (Peterborough West): Is this post-war work of the minister's department only, or is it a general plan? The Minister of Public Works, I believe, had a post-war estimate down, and when we questioned him he discovered that it was just to refit some of the buildings.

Mr. CRERAR: This covers only the Department of Mines and Resources. Perhaps I might explain it briefly to the committee. Part of the vote is for national parks improvements expected to be undertaken when the war is over.

Mr. MacNICOL: The vote calls only for plans.

Mr. CRERAR: During the last four years practically no work has been done in the national parks. We have in our national parks across Canada approximately 1,000 miles of roads or highways. The department has had in mind for some considerable time hard-surfacing these roads. This vote is to get all the plans and specifications, and make the necessary examination of the roads from the point of view of drainage, and the like, so that when the war is over, this work can be undertaken for those desiring at that time to undertake it. Then there is similar survey work in the Indian branch. We have recognized for some considerable time that there must be improvement, by way of schools, hospitals and medical care in connection with the Indian services.

Mr. MacNICOL: How does it come under the war appropriation?

Mr. CRERAR: This is post-war planning and, rightly or wrongly, it is charged against the war appropriation. I believe there are other items in other departments to that effect.

This is all associated with work which will be undertaken after the war. Perhaps it could have been included in the civil estimates, but it was considered proper to have it included as a charge against the war appropriation.

Then there are certain services which have to be undertaken. There is the geodetic survey. The amount there is $171,500. This is important work, from the point of view of having accurate mapping of the country, and plans are in hand now for mapping on a large scale. This is to provide the necessary basic controls, so that the base survey points and lines are accurately determined. It is of the utmost importance that our mapping and surveying be accurate. This also provides for certain precise levelling in northern Ontario, Manitoba and British Columbia. But if anyone asks me what precise levelling is I am afraid I could not give a complete answer.

Then it is intended to take certain astronomical observations for the determination of latitude and longitude for mapping, particularly in the arctic islands, and across northern Canada from the eastern shore of Hudson bay to northern British Columbia and the Yukon territory. This work has not been done before, and it will be of great importance in the post-war years, and of particularly great importance from the point of view of the development of aviation, both nationally and internationally.

Mr. MacNICOL: At the moment, however, this vote is to pay for drawing plans, making specifications and compiling engineering details.

Mr. CRERAR: It is for more than that. It will send out field survey parties to make determinations of base points and lines. It requires special mathematical knowledge.

The next item covers hydrographic surveys, and amounts to $14,500. That is for hydrographic field surveys of the Mackenzie river and Slave lake areas in northwestern Canada.

Mr. MacNICOL: It has all been done many times.

Mr. CRERAR: No, this has not—not as far north as that. Then there is an item of $9,000 for legal surveys and map surveys. That is mainly for surveys in the Yukon territory, and perhaps certain surveys of Indian reservations.

Mr. MacNICOL: How does the minister connect this up with the war appropriation measure, unless it is a provision for plans and specifications to provide employment for returned Canadians who are now serving in the war?

Mr. CRERAR: I am afraid I have failed to make myself clear. That is precisely what

it is. It is to gather data and have it available so that when the service men are discharged some of them, at any rate, can get jobs.

Mr. MacNICOL: A short time ago some departmental officials of the Department of Mines and Resources appeared before the committee on reconstruction and presented what to my mind was a very good argument for the expenditure of considerable sums of money in connection with post-war rehabilitation in various parts of the country, connected particularly with fur raising in northern Manitoba, northern Saskatchewan, Quebec and elsewhere. That programme called for plans and specifications. Has the department a large staff engaged in making specifications for all these matters?

Mr. CRERAR: The fur conservation programme has been an item in the ordinary estimates of the department for the last five or six years. That work is being continued.

Mr. MacNICOL: The officials who appeared before the committee on reconstruction presented suggestions with respect to votes of money which I expect will appear later on, and will provide for rehabilitation. I thought it was good work, and I am in favour of it. For instance, it is for completing work in connection with the fur programme along the Sipanok channel between the Saskatchewan and Carrot rivers. It looks worth while. Is that included in this vote?

Mr. CRERAR: No. That is carried out under the ordinary estimates of the Indian affairs branch.

Item agreed to.

Sundry services, $67,490.

Mr. MARSHALL: Would the minister break down this item?

Mr. CRERAR: There is in the engineering and construction service the shipment and storage of equipment in use in various camps. Some of these we have discussed to-night, and others are alternative service camps. There is $5,000 for that. Then there is an item for the salary and expenses of two engineers to inspect and observe reconstruction and maintenance operations on the Alaska military highway. That was undertaken after careful consideration, and decided upon several months ago. These two engineers will patrol that highway so far as its location in Canada is coancerned, and $15,000 is provided for that. Then there is certain triangulation work in the geodetic surveys to be completed through Newfoundland and in the vicinity of the strait of Belle isle and there is $3,000 for that. There is war zone risk bonus payable to ships' crews employed in certain specified dangerous waters by the hydrographic survey which is in the Department of Mines and Resources, and the appropriation for that is $6,500.

Then there is the legal surveys and map service; salaries, cost of living bonus and other pay list items for additional staff employed, especially for the compiling and drafting of air navigation charts and other maps for the Royal Canadian Air Force. There has been a very heavy demand for production of all sorts of those maps, and the item for that is $23,210. Then there is a legal survey of the Alaska military highway required in connection with the administration of lands, mineral claims and waterpower, which will arise through the construction of the highway. There is $14,780 for that. These are the different items that make up a total of $67,490.

Item agreed to.

Immigration branch—
For expenditures in connection with looking after Canadian interests abroad, $475,000.

Mr. ROSS (Souris): There is an increase of some $200,000 in this item. What does that large increase cover? Is any consideration being given to post-war immigration?

Mr. CRERAR: No; there is nothing whatever in this item for post-war immigration, or in any of those items. There are certain Canadian nationals and have been since the outbreak of the war who still are in enemy countries and enemy controlled countries. Our protecting power is Switzerland. Certain moneys are advanced to the Swiss government and their consuls or governmental representatives in those countries use those funds to assist Canadian nationals who may for the time being be in enemy occupied countries or enemy countries. The numbers have increased because some of the Canadians in those countries are asking for help, probably owing to their resources being pretty well exhausted. In addition to that, where items like food or clothing have to be provided the cost has tended to increase. That is the explanation of the increase from $275,000 a year ago to $475,000 this year.

Mr. FRASER (Peterborough West): This afternoon one hon. member mentioned that Asiatics were coming in now. He mentioned later on that they were coming in as refugees. Is there any truth in that?

Mr. CRERAR: That is incorrect. Occasionally an Asiatic who has been in this country has been allowed to remain here. The

director of immigration tells me that one or two Chinese Canadian nationals have been repatriated.

Mr. DORION (Translation): Mr. Chairman, we are called upon to vote a sum of $475,000 for expenditures in connection with looking after Canadian interests abroad. I have just listened to the brief explanations given by the honourable the Minister of Mines and Resources. Reference to some sessional papers brought down since the beginning of this session shows that some amounts are paid for bringing refugees to Canada. Now, I submit that the discussion of this item brings to our minds two questions. The first is this: what are those interests which Canada may have to look after abroad in connection with immigration? And here is the second: how will this sum of $475,000 be used.

I wish to make it clear that in the few words I may say on this matter I shall show as much broadmindedness as possible and that I do not wish to echo any narrow or unworthy feeling in connection with immigation. Neither do I wish that some newspapers should continue to construe some of our opinions as was done, for instance, by the Toronto *Globe and Mail* in its edition of May 24 last. Allow me to quote the following excerpt:

> It has been taken for granted for a long time that the province of Quebec is not anxious for any considerable growth in the population of this country to which it does not make its own preponderating domestic contribution. A general flood of immigrants who would not be sympathetic with Quebec's own particular problems and ambitions would naturally not be welcome. It would weaken that province's position apropos the other provinces.

I believe, Mr. Chairman, that such are not at all the feelings of the province of Quebec concerning immigration. As everyone knows, there are two opposite schools of thought on this subject: some would like our country to be hermetically closed against all immigrants; others wish to open our doors wide to welcome them. I do not believe either of these policies, which I call extreme, should be adopted. In this realm, as in all others, a middle course should be followed and we should consider this matter in the light of our experience of past events and of future needs.

First, one must realize fully the possibility for Canada to absorb immigrants. In this regard, I submit that it would be wise to act as a reasonable man does who wishes to increase his stock or his staff. A thorough investigation should be conducted to ascertain whether we have room in our midst to accept a large number of newcomers. Then we would be in a position to decide whether such an immigration policy would really be wise. In the past, we have, at a certain time, opened our doors wide. Statistics show that thousands upon thousands of immigrants have availed themselves of the opportunity they were thus offered. The results may not have been adverse, for, at that time, Canada was a younger country, with plenty of available space, and opportunities for all kinds of industrial and business ventures, but to-day, we have reached a more advanced stage in our national life and it behooves us to ask ourselves what gaps remain to be filled, if any We should also stop to think whether—

Mr. CRERAR: Unfortunately I do not understand the language my hon. friend is speaking. That is a matter of very great regret, and always has been with me, but I believe the hon. gentleman is discussing immigration generally with some particular reference to refugees who have been brought to Canada, and is asking whether or not any part of this vote is to be expended for that purpose. This vote does not touch immigration generally at all; this is an amount we are being asked to provide to look after Canadian citizens who for the time being are in enemy occupied countries. It has nothing whatever to do with bringing people to Canada, and on that ground I would submit that my hon. friend is out of order.

Mr. DORION: Then I think the wording of the item is quite peculiar, because I see it is for expenditures in connection with looking after Canadian interests abroad, and it comes under the immigration branch. If we take the report of the Minister of Mines and Resources we see that there is a special section for immigration, in which is also the question of refugees. If the wording is not correct, I may be out of order, but if the wording is correct as it appears in *Hansard* of February 11, I think I am in order in discussing this question. We are dealing with immigration, and I have the right to establish my contention before the committee.

Mr. CRERAR: I would have no objection whatever to a discussion of the point raised by the hon. member. It could be discussed appropriately under the ordinary estimates of the department, but the item we are now considering has nothing to do with bringing people, refugees or others, to Canada. It is wholly concerned with the care of Canadian citizens who, unhappily, find themselves in enemy or enemy occupied countries. Their welfare is looked after through the agency of the Swiss government, which is the protecting power as far as Canada is concerned.

Mr. DORION: Then would the minister be kind enough to tell me under what item we

can discuss the expenditures being made at present in connection with the agencies Canada has established in Europe to bring refugees to this country, through which we receive many hundreds of refugees every month?

Mr. CRERAR: That will come under the immigration vote in the ordinary estimates of the department. There will be ample opportunity to discuss that and any other questions about immigration when those estimates are under consideration. I submit, however, that if we are to make progress we must endeavour to keep the discussion within the bounds of the particular item under consideration. I repeat that not a penny of this money has anything to do with the movement of refugees to Canada or the movement of immigrants to this country. It is concerned wholly with the welfare and care of Canadian citizens who are so unfortunate as to find themselves in enemy or enemy occupied countries.

Mr. DORION: Then would the minister be kind enough to tell the committee in what countries there are Canadian nationals at the present time? Do we have Canadian nationals in central Europe?

Mr. CRERAR: I would say there are Canadian nationals in practically all the enemy occupied countries of Europe; some in Japan, and probably some in that part of China which has been occupied by Japan. The purpose of this vote is to look after them.

Mr. DORION: How many Canadians are there?

Mr. CRERAR: I am advised that the total number at the present time is approximately 800. That number may increase. In countries such as France, Belgium, Holland or Denmark, for example, Canadian nationals may have been able to get along on their own resources, but as those resources become exhausted they ask for assistance, and that assistance is given under this vote through the agency of our protecting power in Europe.

Mr. JOHNSTON (Bow River): What type of assistance is given? Of course it may be a money grant, but for what purpose?

Mr. CRERAR: In the main it is money that is transferred to them so that they can have it available to buy food and other necessities in the places where they live.

Mr. JOHNSTON (Bow River): And how many did the minister say there were?

Mr. CRERAR: About 800.

Mr. POULIOT: Does the Lisbon agency have anything to do with that?

Mr. CRERAR: No; it is done by Canada's protecting power, which is Switzerland.

Mr. SINCLAIR: I have a certain amount of sympathy for the hon. member for Charlevoix-Saguenay. If this item has nothing to do with immigration, why is it here under the immigration branch rather than under the Department of External Affairs?

Mr. CRERAR: Because external affairs requested the immigration branch of the Department of Mines and Resources to handle these funds.

Mr. SINCLAIR: Why?

Mr. CRERAR: I do not know why; perhaps my hon. friend should put that question when the external affairs estimates are under consideration. However, I am told that before the war, even in peace time, there was a small fund available in the Department of Immigration for the relief of distressed Canadians abroad. That has always been under the administration of the immigration branch, so that when we came to the larger question of relief for Canadian nationals abroad it also was handled through the immigration branch.

Mr. POULIOT: I submit that the item mentioned by the minister was in the estimates before the war; I remember that very well, because I had an argument about it one afternoon at three o'clock with Mr. Gordon, who was the minister under Mr. Bennett. It seems to me that this item should not come under either the Department of Mines and Resources or the Department of External Affairs. I believe it should come under the Department of National War Services, because the work is done by the Red Cross, and Switzerland is the country where the Red Cross has its headquarters. I do not see why we maintain a civilian vote to look after these people during war time. I have no objection to helping Canadians who are in occupied Europe, but it seems to me that the logical way to help them would be through the Department of National War Services, since the work is carried on through Switzerland.

Item stands.

Progress reported.

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

Tuesday, June 6, 1944

The house met at three o'clock.

THE WAR

INVASION OF WESTERN EUROPE

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, at half-past three o'clock this morning the government received by radio the following communique from General Eisenhower's headquarters:

Under the command of General Eisenhower, allied naval forces, supported by strong air forces, began landing of allied armies this morning on the northern coast of France.

Ten minutes later from General Eisenhower's headquarters the following bulletin was received:

It is announced that General Bernard Montgomery is in command of the army group carrying out the assault. This army group includes British, Canadian and American forces.

At eight o'clock this morning I made the following radio broadcast:

"At half-past three o'clock this morning the government received official word that the invasion of western Europe had begun. Word was also received that Canadian troops were among the allied forces who landed this morning on the northern coast of France. Canada will be proud to learn that our troops are being supported by units of the Royal Canadian Navy and the Royal Canadian Air Force. The great landing in western Europe is the opening up of what we hope and believe will be the decisive phase of the war against Germany. The fighting is certain to be heavy, bitter and costly. We must not expect early results. We should be prepared for local reverses as well as successes. No one can say how long this phase of the war may last, but we have every reason for confidence in the final outcome.

"I cannot better express to the people of Canada the government's feelings at this moment than by giving to you the words of General Crerar, the Canadian army commander, as conveyed to the Canadian assault forces on the eve of their embarkation:

"'I have,' said General Crerar, 'complete confidence in our ability to meet the tests which lie ahead. We are excellently trained and equipped. The quality of both the senior and junior leadership is of the highest. As Canadians, we inherit military characteristics which were feared by the enemy in the last great war. They will be still more feared before this war terminates.'

"I should like to add this word: Let the hearts of all in Canada to-day be filled with silent prayer for the success of our own and allied forces and for the early liberation of the peoples of Europe."

The house will be interested in the order of the day which was given to the troops by General Eisenhower. It is as follows:

"Soldiers, sailors and airmen of the allied expeditionary force: You are about to embark upon the great crusade toward which we have striven these many months. The eyes of the world are upon you. The hopes and prayers of liberty-loving peoples everywhere march with you.

"You will bring about the destruction of the German war machine, the elimination of nazi tyranny over the oppressed peoples of Europe and security for ourselves in a free world.

"Your task will not be an easy one. Your enemy is well trained, well equipped and battle hardened. He will fight savagely.

"But this is the year 1944. Much has happened since the Nazi triumphs of 1940-41.

"The united nations have inflicted upon the Germans great defeat in open battle man to man. Our air offensive has seriously reduced their strength in the air and their capacity to wage war on the ground.

"Our home fronts have given us an overwhelming superiority in weapons and munitions of war and placed at our disposal great reserves of trained fighting men.

"The tide has turned.

"The free men of the world are marching together to victory. I have full confidence in your courage, devotion to duty, and skill in battle.

"We will accept nothing less than full victory.

"Good luck, and let us all beseech the blessing of Almighty God upon this great and noble undertaking."

Hon. members will realize that at this stage it is very difficult indeed to give the house much information of an official and authentic character. It would be a mistake, I think, for me to attempt to give anything in the nature of details relating to the events that have happened within the past twenty-four hours. Fortunately, however, the Prime Minister of Great Britain addressed the House of Commons of the United Kingdom this morning and in the course of his remarks was able to give to the house information which will be of equal interest to all of us. I therefore propose now to give to the house a part of the statement which Mr. Churchill made this morning. I should say that the Prime Minis-

ter preceded his remarks by making a reference to the significance of the fall of Rome. He dwelt at some length upon what that great event signified in relation to the other events which are taking place at this moment. He then continued as follows:

"I have also to announce to the house that during the night and early hours of this morning, the first of a series of landings in force upon the European continent has taken place.

"In this case, the liberating assault fell upon the coast of France.

"An immense armada of upwards of 4,000 ships, together with several thousand smaller craft, crossed the channel. Mass airborne landings have been successfully effected behind the enemy's lines.

"Landings on the beaches are proceeding at various points at the present time. The fire of shore batteries has been largely quelled. Obstacles which were encountered in the sea have not proved as difficult as was apprehended.

"The Anglo-American allies are sustained by about eleven thousand first line aircraft, which can be drawn upon as may be needed for the purposes of battle.

"I cannot, of course, commit myself to any particular details, as reports are coming in in rapid succession. So far the commanders who are engaged report that everything is proceeding according to plan. And what a plan!

"This vast plan is undoubtedly the most complicated and difficult that has ever occurred. It involves the tides, wind, waves and visibility both from the air and sea standpoints, and the combined employment of land, air and sea forces in the highest degree of intimacy.

"There are already hopes that actual tactical surprise has been attained, and we hope to furnish the enemy with a succession of surprises during the course of the fighting.

"The battle which has now begun will grow constantly in scale and in intensity for many weeks to come, and I shall not attempt to speculate on its course, but this I may say—that complete unity prevails.

"Throughout the allied armies there is a brotherhood in arms between us and our friends in other states. There is complete confidence in the supreme commander, General Eisenhower, and in his lieutenants, and also in the commander of the expeditionary force, General Montgomery.

"The ardour and spirit of the troops, as I saw for myself when they were embarking in the last few days, were splendid to witness. Nothing in the way of equipment, science or forethought has been neglected."

As we await the news of battle there are certain things which I think it would be well for members of this house as well as for the people of Canada to keep in mind. The fact that an allied landing on the continent has taken place is of itself a great feat. It means that after many months of the most careful and detailed planning the enemy has been pushed back at one part of the rim of his fortress. Even so, the task of having landed is but a prelude to the more urgent task of maintaining this first foothold, and of maintaining it so strongly that the enemy cannot dislodge the allied forces. We must expect that initial counter attacks on a small scale will be followed by massed, all-out counter attacks by the mobile and reserve forces of the enemy. These counter attacks may extend over a long period, and it is important that we should not magnify successes which may be achieved.

On a previous occasion, referring to the invasion of Europe, I said:

"This greatest of all tasks must be approached with the utmost foresight,. . . .it will require the most complete preparation. It is the duty of all concerned to see that sound judgment is not impaired by impatience, that nothing that can possibly be foreseen is left to chance. Invasion when it comes must be fortified with as full knowledge, as it is possible to obtain in advance, of every factor that will count for life or death in the balances that to-day are deciding the fate of the world."

The allied offensive launched to-day, as Mr. Churchill has said, is the most complete coordination and integration of effort among all the allied forces.

We must also remember that the enemy has been established for more than four years in the territory which he must now defend. The defensive preparations he has made must be expected to be all that his experience and ingenuity can devise. The enemy strength, while not precisely known, is very formidable.

We must also keep constantly in mind that the supply problem is one of the greatest magnitude because of the fact that most of the implements of war, munitions, food and supplies have to be carried to the front line by sea.

For obvious reasons, it would not be advisable to give information about the strength and disposition of the allied forces or concerning particular formations and commanders taking part in the operations. These will be made known from time to time in official announcements.

Conjecture in these anxious days will not do any good, and it may, in fact, give help and comfort to the enemy. This is the more important because of the particular care which has been given to the timing and planning of different operations. It is not to be supposed that the offensive launched to-day will not be followed by other offensives in other parts of Europe both from the sea and over land.

The people of Canada will expect, and it will be the duty of the government to provide, so far as possible, a correct and sober representation of events as they occur. The future, however, must unfold itself.

I am happy to be able to inform the house that official word has already come to the effect that our men have successfully achieved their first objective and are making good progress.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I should like on this very compelling occasion to add a word or two to those which have been said by the Prime Minister.

There are no divisions of opinion and no cleavages in thought in this house as we rivet our attention upon the progress of the long-anticipated offensive in Europe. An indescribable sense of oneness pervades this parliament and this nation to-day. The vital and critical character of the present military operations in which our troops are engaged erases all else from the thoughts of the Canadian people. Our armed forces must know that we at home are prepared to reinforce their efforts to the furthest limit. This nation must see to it that whatever is needed to support our fighting forces in men, materials and money is given without stint, without hesitation and without restriction. Nothing less than the best will be good enough for those who give so much for us.

May God be very close to our fighting men and their loved ones at home as this mighty battle for freedom, liberty and democracy proceeds apace.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, I assume that all members of the house feel much as I do at the present time, that this is a moment for prayer. All must feel deeply grateful for the protection which the all-Father has given our people; the protection which has enabled us to stand against the apparently invincible forces which confronted us in 1940, and to persevere even until to-day, when it is our privilege to return the attack.

We must feel gratitude also for the miraculous way in which allies have been brought to our side whose timely assistance rendered it possible for us to survive and whose help, still afforded us, will enable us to prevail against our enemies.

I feel that we all are deeply filled with supplication for the protection of our boys, as far as that may be, and for their success in the arduous task which they now are essaying; and we also, I know, are possessed with the desire to implore the Almighty that we at home may be able to perform our tasks in a way which will make us worthy of the noble boys who represent us overseas.

Mr. MAURICE LALONDE (Labelle) (Translation): It is fitting that a French voice should stress the epoch-making fact that the hour of liberation has now come for France. I am sure of voicing the feelings of all Canadians of French descent in saying that we have been deeply moved by such news. We have not forgotten France, Mr. Speaker, we have not forgotten her, for hundreds and thousands of young French Canadians are perhaps, at this very moment, driving the German invader from the historic shores of old France.

With the permission of this honourable assembly, may I say that the occasion calls for the singing of the national anthem of France.

(The members rose and sang "La Marseillaise" and "God Save the King")

Mr. S. H. KNOWLES (Winnipeg North Centre): We of this group desire to associate ourselves with the very appropriate words spoken this morning on the radio by the Prime Minister (Mr. Mackenzie King) and by him and the others who have spoken in this chamber on this solemn occasion. We associate ourselves not only with what has been said but with the spirit that rightly pervades the house at this historic moment.

BUSINESS OF THE HOUSE

DESIRABILITY OF EXPEDITING THE WORK OF THE SESSION

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should like to take advantage of the feelings which are uppermost in the minds of hon. members at the present moment to make a very earnest plea to the members of the house to join together to seek to expedite as much as we possibly can the further business of this session. I am perfectly sure that with the mind of the country concentrated upon events which will go far to determine the fate of nations for generations to come, individual members in this house,

and the people of Canada generally, will be impatient of utterances made in the House of Commons at this time which are not very much to the point in the discussion of the business which we are here to transact.

I would be the last to wish to impose any restraint upon the utterances of anyone, but I am confident that the feeling throughout Canada is that to-day we have reached one of the most serious moments in the history of the world, and that it is a part of our obligation to human society to avoid irrelevancies as much as possible and to concentrate as completely as we can upon the business before us.

I must say that from looking over the proceedings of the house in the past six weeks it seems to me that we shall not be able, unless we move at a more rapid pace than has been followed thus far, to complete in the course of this year the business that is already indicated on the order paper. I know hon. members do not wish to have the proceedings unduly prolonged. The only way in which the house can control the situation is by each member feeling an individual obligation to do his utmost to further the common will.

Mr. GORDON GRAYDON (Leader of the Opposition): What the Prime Minister has said will, I believe, find a very responsive echo in the house generally at this time. I am quite sure it will also be appreciated outside the house as well.

I would like to suggest to the Prime Minister one thing—a suggestion that was made before. Perhaps I can make that suggestion now in a way that will be of considerable help to the government and to parliament and will tend to expedite the business of the house. As the Prime Minister knows, we have not been sitting on Wednesdays during this session. I quite appreciate the position in which the government find themselves, and I have no desire to make it more difficult for them. Indeed, as the weeks have passed, I have had a greater appreciation than ever before of the burdens on the government, but I am going to suggest to the Prime Minister that we sit on Wednesday afternoons and evenings. I suggest that we have none of the preliminary proceedings on Wednesdays which would necessitate the presence here of the ministry, the Prime Minister or the war committee of the cabinet. I suggest that on Tuesday night we adjourn to go on at three o'clock on Wednesday exactly where we left off the night before, without any of the intermediate proceedings, and that we continue until eleven o'clock, with the supper adjournment on Wednesday.

Perhaps that would meet a situation which the Prime Minister finds exceedingly difficult. Both he and the government want to have some time in which to handle the heavy burdens in the war cabinet, and I offer that suggestion in what I hope is a constructive way, in order that we may be able to utilize not only the cooperation which I am sure the house will give, but also every minute of the time, because everyone in this house wants to have the business disposed of as quickly as possible. If the Prime Minister, myself and others give the lead we shall probably find a responsive following all over the House of Commons.

Mr. MACKENZIE KING: I shall be glad to consider carefully what my hon. friend has said, but I would say that the events of the last twenty-four hours have placed an additional burden on the ministry, much greater than any we have borne heretofore. Whether members of the government are in the house or not, the ministry has to bear the responsibility for what takes place. I would wish to think over very carefully what my hon. friend has suggested. To-morrow it would not be possible for the house to meet, in the light of what has happened to-day. Whether it will be possible in subsequent weeks, I shall have to consider very carefully with my colleagues. I suggest to my hon. friend, however, that to-morrow and possibly other Wednesdays until we feel we can sit on Wednesdays as well as other days without incurring serious risks, the day might in part be occupied by the whips of the different parties meeting together to see whether they could not come to some arrangement among themselves as to the amount of time it will be necessary to give to different measures, and reach an understanding with regard to methods of expediting the work of the session. That, I understand, is one of the methods employed in the British house. A certain length of time is assigned to particular debates; it is left to the different parties to decide which of their members will speak, and the discussion is limited to the time agreed upon. Something of that sort, I think, will be necessary if we are to get through in any reasonable time.

RAILWAY COMMITTEE

CONCURRENCE IN RECOMMENDATION OF STANDING COMMITTEE RESPECTING FUNDY AIR LINES

Mr. VINCENT DUPUIS (Chambly-Rouville) moved:

That the recommendation contained in the second report of the standing committee on railways, canals and telegraph lines, presented on May 25, 1944, respecting capital stock charge on Bill No. 89 (letter R2 of the senate), an act to incorporate Fundy Air Lines, be concurred in.

Motion agreed to.

PRIVATE BILL

THE GENERAL MISSIONARY SOCIETY OF THE GERMAN BAPTIST CHURCHES OF NORTH AMERICA—CHANGE OF NAME

Mrs. CORA T. CASSELMAN (Edmonton East) moved the first reading of bill No. 118 (from the senate) to change the name of The General Missionary Society of the German Baptist Churches of North America to The North American Baptist General Missionary Society.

Mr. GRAYDON: May we have an explanation of the bill?

Mrs. CASSELMAN: This society was first incorporated under the statutes of the state of New York. The word "German" in its title became objectionable to its members and in 1942 they asked that it be dropped in the main body in the state of New York. That was done. They are now asking that the body incorporated in Canada in 1922 under that name also have the word "German" removed from its title.

Motion agreed to and bill read the first time.

AID TO GREECE

MESSAGE OF THANKS FROM PRIME MINISTER PAPANDREOU FOR SHIPMENTS OF FOOD

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): I received last night the following telegram from the new Prime Minister of Greece in reference to shipments of food which have gone from Canada to Greece. The house will be much interested in its contents. The telegram is as follows:

Cairo, June 5, 1944.

The Right Hon. W. L. Mackenzie King,
Prime Minister of Canada,
Ottawa.

In assuming the premiership of the Royal Hellenic government of national union I wish to express to you and to the government and people of Canada the profound gratitude of the Greek nation for the vital help which they are receiving from your generous country in their appalling plight. Having lived in Greece until a few weeks ago and having shared in the unprecedented burden of famine and oppression which has not succeeded in crushing the spirit of my countrymen I feel entitled to convey to you this recognition of Canada's assistance and also to appeal for the greater possible development of these shipments to Greece without which the Greek nation cruelly decimated as it is would be threatened with total extinction. Please let all Canadians know that the food grown in the rich and free lands of their fine country is helping to save the life of a nation on whose soil liberty was first born and was constantly defended throughout long centuries, a nation which is now tortured and mutilated more than ever because it has refused to deny its ancient creed in the freedom and dignity of man.

Papandreou,
Prime Minister of Greece.

To that communication I sent the following reply this morning:

Ottawa, June 6, 1944.

His Excellency George Papandreou,
Prime Minister of Greece,
Cairo, Egypt.

I am deeply grateful to you for your moving message expressing the gratitude of the Greek nation for the shipments of food from Canada. It has been a source of pride and thankfulness to the government and people of Canada that during the past two years they have been able to provide some relief in this manner to the people of Greece. It is fitting that the ancient seat of human freedom should be sustained during the time of its darkest tribulation by the young and free Canadian people. I trust that the aid already brought to Greece in its struggle for survival will increase in volume until liberation has been achieved. May the day of liberation be near.

W. L. Mackenzie King

PRISONERS OF WAR

INQUIRY AS TO SHOOTING OF BRITONS AND CANADIANS IN GERMANY

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I have a question to direct to the Prime Minister which arises out of a statement made by the Acting Secretary of State for External Affairs (Mr. St. Laurent) in a statement on May 19, 1944. Has the Prime Minister any information to convey to the house with respect to the investigations being made by the protecting power into the shooting of forty-seven British and Canadian prisoners of war in Germany.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I have no information to give to the house at the moment. I am sure that the protecting power, Switzerland, is doing all possible to obtain the information for us, but my hon. friend will recognize it can only be secured with the cooperation of Germany. Up to the present we have not received any further word, but the Swiss government is fully aware of our anxiety and desire to get information at the earliest possible moment.

INDIAN AFFAIRS

MEETING OF INDIAN DELEGATES IN CONVENTION IN OTTAWA

On the orders of the day:

Mr. J. W. NOSEWORTHY (York South): Has the Minister of Mines and Resources been requested to meet Indian delegates in con-

vention here or to provide room for their accommodation; if so, what provision has been made?

Hon. T. A. CRERAR (Minister of Mines and Resources): The hon. member was good enough to send me an intimation before three o'clock that he proposed to ask this question; and since the matter to which it relates has been the subject of reports in the newspapers and I believe was also mentioned on the radio last evening, perhaps I should answer his question a little more fully than by a mere "yes" or "no".

On May 19 I received a letter from one who purported to be the leader of the Indians of Canada. His name is Jules Sioui, of Loretteville, Quebec. Perhaps I should read the letter. It is as follows:

Dear Sir,

It is my duty to acquaint you with the final decision of the Indian chiefs of each tribe throughout the country, namely, that without exception they will all be present at the great convention which will be held in Ottawa from the fifth to the tenth of June.

It is understood that you are the general superintendent of Indian affairs but it is known that you have a great number of assistants and agents who are guilty of serious irregularities since many years toward the Indians.

Here is the claim of the Indian people for the next convention which will be held from the fifth of June; according to them the promises which were made by Her Majesty and others, either by proclamation or treaty, have not been respected either by your department or by the government itself. Therefore, the Indian people want it to be known that it cannot live and is not willing to go on living as it does, in a state which is not tolerable. That is why they will have a meeting with the object of dictating the future of the nation for their offspring.

Being the leader of the Indian people I am requested to hereby notify you that the Indian chiefs ask that a convenient place be prepared for the holding of their meeting which will last five days at least; and in view of the scarcity of rooms in the hotels, we also ask you to take the necessary steps for the erection of large tents where they will be able to sleep. It is understood that they will pay the installation cost of those tents.

I think it is necessary to draw your attention to the fact that the Indian chiefs are determined to be peaceful and gentle, but they have decided that your department and the government will have to change the situation from A to Z, believe it or not.

Yours truly,

Jules Sioui,

Leader of the Indians of Canada
Post Office, Loretteville, Que.

My reply to that was as follows:

M. E. J. Bastien,
Indian Agent,
Village Des Hurons, Quebec.

Please advise Jules Sioui that his letter of May 15 has received my personal attention and that the department does not recognize his leadership of any group of Indians in Canada and also that it is my earnest desire that the proposed convention should not be proceeded with as there is no accommodation here. Extreme pressure of business makes it impossible for the authorities to meet a large gathering. Director of Indian Affairs will be ready to receive a small delegation of about six Indians if recommended by their agents.

T. A. Crerar.

In spite of this, Jules Sioui turned up yesterday with a number of Indians. There may be some chiefs in this group of Indians whose presence in Ottawa has received considerable publicity, but I doubt if there are many. Sioui has no standing whatever as leader of the Indians in Canada. Yesterday he sent a request that I meet him and the delegation. I refused to do so, for two reasons. In the first place he is not the leader of the Indians of Canada; in the second place Sioui has been convicted of offences twice in the last six or seven years and has served gaol sentences. Not only that, but at the present time he is before the courts on a charge which, if ultimately proven, will land him in gaol again. I am doing no injustice to the Indians of Canada when I refuse to see him. I have sent word to the Indians present here in Ottawa that if they wish to appoint a small delegation of five or six I shall be glad to see them in my office in the House of Commons at five-thirty this afternoon, but I would not receive Sioui if he came with them as a delegate. I think that answers the question of my hon. friend.

LABOUR CONDITIONS

REINSTATEMENT OF THREE EMPLOYEES AT FLORENCE COLLIERIES, SYDNEY, N.S.

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): On Friday last the hon. member for Cape Breton South (Mr. Gillis) asked a question, at page 3463 of *Hansard*, with respect to the dismissal of three employees of the Florence collieries of Nova Scotia. At that time I indicated that the matter had been looked into by an arbitration board in conformity with the agreement between the mine workers' organization and the employers, and that they had recommended the reinstatement of the men. I am glad to say that through the agency of the officer of the Department of Labour in Fredericton the company has agreed to reinstate the men in question.

MOTOR LAUNCH "OLGA"

REQUEST FOR INQUIRY INTO ACCIDENT RESULTING IN LOSS OF LIFE

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I should like to ask the Minister of Transport if an inquiry will be held by the wreck commissioner

into the wreck of a motor excursion launch called the *Olga* on Sunday last, at Port Stanley on lake Erie, in which some fifteen passengers were drowned. The act requires an immediate investigation. I should like to know also what life-saving equipment is carried by boats of this kind, what aids to navigation are provided, and what precautions are taken.

Hon. J. E. MICHAUD (Minister of Transport): The hon. member for Broadview was kind enough to give me notice of the question he has just asked. In reply I may say that on Sunday, June 4, a motor cruiser named *Olga* capsized at Port Stanley, Ontario, with the result that the lives of several persons were lost. On Monday morning arrangements were made to hold a preliminary inquiry under section 548 of the Canada Shipping Act, 1934. Captain Fred S. Slocombe, supervising examiner of masters and mates, Toronto, was instructed by telephone to hold an immediate inquiry. He left Toronto yesterday morning, accompanied by the chairman of the board of steamship inspection. It is expected that a complete report of the preliminary inquiry will be available in two or three days.

Replying to the second part of the question, the Canada Shipping Act, 1934, provides for the making of regulations for the safety and protection of people using small craft as well as large boats. Regulations were made and published; the last issue of the publication was 1937, and it was entitled, "Regulations respecting life-saving appliances." One of the regulations provides that the owners of small boats of more than five tons capacity shall protect the lives of those using such boats by providing life buoys, and further that every ship to which the regulations apply shall carry an appropriate number of life jackets, not less than the number of persons which the ship is certified to carry. Further, motor boats in excess of five tons gross tonnage carrying passengers are required to be inspected by a steamship inspector, and to have a certificate of inspection given by him. From time to time notice of these regulations is given to the public; the last notice was published on June 1, 1943, and must have been posted at or near Port Stanley, as directions were given that such notices should be posted in all our ports, calling the attention of motor boat owners to the provisions of the regulations and the shipping act with regard to equipment for the protection of people using such boats.

Mr. CHURCH: Regulations and statutes are all right, but there is no one anywhere to enforce them. These drowning accidents are occurring all over the inland waterways. I would ask the department to try to bring in some further regulations. We have not even a life-saving station near there on lake Erie.

[Mr. Church.]

SUGAR

REPORTED CESSATION OF RATIONING IN THE UNITED STATES—CANADIAN POLICY

On the orders of the day:

Hon. J. L. ILSLEY (Minister of Finance): Yesterday at page 3519 of *Hansard* the hon. member for New Westminster (Mr. Reid) asked this question:

In view of the fact that the United States do not now ration sugar, will the minister make a statement as to the present position in Canada, and indicate whether the restrictions in this country will likewise be lifted?

I have made inquiries, and find that the United States is still rationing sugar on substantially the same basis as it is rationed in Canada. The sugar administrator informs me that he thinks there is no chance of the United States abandoning the rationing of sugar, and certainly no consideration is being given to the lifting of the restrictions here.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

The house resumed from Monday, June 5, consideration in committee of a resolution to grant to His Majesty certain sums of money for the carrying out of measures consequent upon the existence of a state of war—Mr. Ilsley—Mr. Bradette in the chair.

DEPARTMENT OF MINES AND RESOURCES

Immigration branch—

For expenditures in connection with looking after Canadian interests abroad, $475,000.

Hon. T. A. CRERAR (Minister of Mines and Resources): Before resuming consideration of this item I should like to correct a statement I made when the Abasand matter was under discussion last week. I described Mr. Max Ball as an oil geologist of very considerable eminence, and went on to say that he was not an engineer. I was incorrect in this latter statement, but was so advised at the time. Mr. Ball is a graduate in engineering, but I think I am correct in saying that the main part of his practice throughout his life has been as an oil geologist. I wish to make this correction because I do not want to do Mr. Ball the slightest injustice or even the appearance of injustice.

I do not think there is anything I can add to what I said yesterday about the item under consideration. Hon. members may have some further questions.

Mr. CHURCH: I should like to ask some questions in connection with this item for expenditures for the purpose of looking after the interests of Canadian nationals abroad. Last night the minister said that this expenditure referred to Canadian nationals in enemy countries who could not get home, and that the money would be spent for clothing, food, and purposes of that kind.

I would remind the minister that we are altogether relying on the International Red Cross, with its headquarters at Geneva, Switzerland. Switzerland is a neutral country, and it is the allies' protecting power. It acts as a sort of caretaker, and as a protecting power for the allies. The International Red Cross is located in that country; it communicates with and inspects camps, and looks after parcels sent to enemy countries. I fail to see why we should depend only upon one protecting power for the carrying out of this work, because in my view it is the first duty of the government to look after these nationals and prisoners of war. The same observations would apply to prisoners of war—although I realize they are not included in this item. There should be some inspection as well as that of the protecting power; we ought not to have to rely solely on Switzerland. For instance, we have Russia as an ally. Some of our nationals are in Japan, and yet we depend upon the protecting power, Switzerland, for the protection of those nationals. One of our allies, Russia, might be able to help in respect of our nationals and prisoners in Japan. The same applies to Germany, and to all other enemy countries.

We should be more active, not only in connection with Canadian nationals in those enemy countries, but also in respect of prisoners of war. In my view the government itself should take some action in these matters, direct or indirect, and not depend entirely on the International Red Cross. Sometimes they cannot do all that should be done—although we realize they have done magnificent work. These nationals and prisoners of war should not have to depend entirely upon a protecting power which in turn depends upon the International Red Cross. Surely the government could be a little more active.

The minister gave a long list of neutral countries, but there was one he did not mention, namely, southern Ireland. She is a neutral country, and some of our Canadian pilots are there. They have landed there and cannot get out. I have been told that they are not looked after, through this vote. The first duty of the government is to follow this through as far as possible and not rely entirely upon one protecting power. Let us get better reports than we are getting from Switzerland. While we have a diplomatic arrangement with that country to look after prisoners of war and nationals in enemy countries, something more active than that is necessary so that we may know what is going on over there. For instance, the other day some of those nationals might have been shot, the way some of the prisoners of war were. In those circumstances we would not have known where we stood.

On this seventy-second day of the session we should have more information in the house with respect to Canadian nationals and prisoners of war than we have at the present time. I should like to have a reply from the minister, because complaints have been made.

Mr. CRERAR: Last night I explained the purpose of the vote. This is not drawn upon to look after prisoners of war. The Red Cross have that work exceptionally well organized, from all the information made available to the public. They made several appeals to Canada, with very generous response. This item is to be administered by the director of the immigration branch, through the agency of the protecting power, to assist Canadian nationals, some of whom may be interned and others of whom may not be interned, but who might be in want because of the circumstances in which, through no fault of their own, they find themselves.

The important question whether or not the government is doing enough to care for prisoners of war is one which does not come under this vote. That is a question which might be taken up on some other occasion. As I understand it, under international conventions the German authorities are expected to provide for allied prisoners of war who may be in Germany the same accommodation and food they supply to their own troops. I believe I am correct in that. On the other hand, that is the standard in Canada so far as German prisoners of war are concerned. The chief question raised by the hon. member, however, cannot be covered by this vote.

Mr. JOHNSTON (Bow River): I should like to refer to the vote for $475,000, but before doing so may I make a brief observation in connection with the statement made by the minister a moment ago with respect to Mr. Max Ball. I have in my office evidence which would prove conclusively that Max Ball is, as the minister has stated, a graduate of a university of engineering, and that he is a practical and capable engineer. I am glad the minister put his statement on the record, because it will clear up some misunderstanding. It has been

stated on several occasions, especially by the Minister of Munitions and Supply, that Mr. Max Ball is not an engineer. That may have given a wrong impression throughout the country, although some of us have disputed the suggestion. It is well that the minister has placed his statement on record, because the fact is that Mr. Ball is a practical and capable engineer.

Coming back to this $475,000, the other day the minister said this money was to be used to pay refugees in Europe.

Mr. CRERAR: No.

Mr. JOHNSTON (Bow River): And that it was paid through the government of Switzerland. He also said there were between 700 and 800 refugees who would come under this vote.

Mr. CRERAR: No; my hon. friend is quite mistaken. It is not a matter of refugees at all. At the outbreak of war Canadian citizens could be found in practically every country of Europe. Some of them were representatives of business concerns in Canada; others perhaps were tourists who found themselves unable to get out. Those people are in Germany now, and in the occupied countries. This vote is simply to provide means for a substantial measure of support for those people. They are not in any sense refugees. They are Canadian nationals who happened to be living for the time being in those countries.

Mr. JOHNSTON (Bow River): I am glad the minister has replied, because I was in error when I referred to refugees. I meant Canadian citizens in occupied countries in Europe. The minister stated that there were between seven and eight hundred of them; that this vote was to be used for their maintenance there, and that the money was paid out through the Swiss government. It would amount to a little more than $600 apiece for these Canadian nationals. Does it take that much to maintain them, or does a good deal of this vote go in administrative costs? Is the fund administered through the Red Cross in the occupied countries?

Mr. CRERAR: I can set my hon. friend's mind at ease. None of the money goes into administrative costs.

Mr. JOHNSTON (Bow River): I do not mean in administrative costs in Canada.

Mr. CRERAR: The fund is administered by the director of immigration.

Mr. JOHNSTON (Bow River): In Canada?

Mr. CRERAR: Yes.

Mr. JOHNSTON (Bow River): I am speaking of administration over there.

[Mr. C. E. Johnston.]

Mr. CRERAR: We may on occasion pay the travelling expenses of agents of the Swiss government who keeps in touch with the needs of these Canadians wherever they may be. The Swiss government have or had diplomatic representatives in all these European countries. They certainly have in Germany, and I dare say they still have consuls in all the occupied countries. It is through this machinery that we keep in touch with the needs of these Canadian nationals. Consequently expenses that might be described as administrative costs are very low.

Mr. JOHNSTON (Bow River): Just what are those expenses? Probably the minister has that information before him.

Mr. CRERAR: I have not the figures here, but the director who administers the fund tells me that the costs are very low, practically nil.

Mr. JOHNSTON (Bow River): If the administrative costs are practically nil, I would think that $600 apiece is a very generous gift to the Canadian nationals. I am not saying that the amount should be reduced, but I am very doubtful whether these individuals get that amount. I think that there must be administrative costs somewhere. If so, they should be given to the committee.

Mr. CRERAR: I am informed that the payments to the Canadian nationals run about fifty dollars per month per person. When that is converted into the currency of the occupied or enemy country its effective purchasing power may be reduced. In addition, the cost of food has considerably increased in these countries. We have not very much information on that, but we asked for an increase this year because of increased living costs, and the costs may continue to increase. Some Canadians have been able to get along without asking for this assistance. The increase is due to those two factors.

Mr. JOHNSTON (Bow River): If the minister cannot tell us now what the administrative costs are, perhaps he could tell us later. They may be much more substantial than the minister imagines.

Mr. CRERAR: We will try to get that information, but the advice I get, and I accept it, is that administrative costs are practically nil.

Mr. MARSHALL: Is it not a fact that on previous occasions moneys have been advanced from this particular allotment to Canadian high commissioners in various parts of the world?

Mr. CRERAR: No.

Mr. MARSHALL: Advances were made according to the auditor general's report for the fiscal year ended March 31, 1943. At page J-64 there is this item:

Allotment: Immigration branch—Expenditures in connection with looking after Canadian interests abroad apart from enemy and enemy-controlled territories.

Is not that the allotment we are discussing now?

Mr. CRERAR: Yes.

Mr. MARSHALL: Under the item is this comment:

Of this allotment, $1,187.97 was expended in repatriating Canadians from Lisbon to Canada. Relief and repatriation charges to other Canadian nationals amounted to $6,980.93. The Canadian High Commissioner at Canberra was advanced $3,938 and the Canadian High Commissioner at Pretoria $1,338.

For what purposes were these sums advanced to the high commissioners?

Mr. CRERAR: Some of the fund, I am advised, might be used for the relief of distressed Canadians in Great Britain, for example. Let me illustrate. If a Canadian who was in an occupied country or in Germany shortly after the outbreak of the war succeeded in getting to Britain and then found himself stranded, he could get assistance from this fund through the high commissioner. I believe the same thing has happened in Australia. I think that is the explanation of the point raised by my hon. friend.

Mr. MARSHALL: In that case the fund is not administered through the Swiss Red Cross.

Mr. CRERAR: No. Never at any time have I stated that the fund was administered through the Red Cross. The Red Cross have had nothing to do with it.

Mr. MARSHALL: Did not the minister say it was administered through Switzerland?

Mr. CRERAR: Yes. I have stated several times that the fund is administered for Canadians in enemy and enemy-occupied countries through the agency of the Swiss government. That administration is carried on between the Swiss authorities and the Canadian authority in the person of the director of immigration. The Red Cross have nothing to do with it at all.

Mr. JOHNSTON (Bow River): I think if the minister will agree to give the committee a break-down showing how much was spent for administration and how much these Canadian nationals actually received, it will be satisfactory. The minister has not yet given a satisfactory explanation of the disposition of this $475,000. He is not sure himself; he does not know. I think he should show the committee where the money has gone.

Mr. CRERAR: My hon. friend is not going to get away with that for one second. It is quite easy for him to get up in his place and say: I want to know where every cent has gone.

Mr. JOHNSTON (Bow River): I did not say that.

Mr. CRERAR: Let me finish. I did not interrupt the hon. member. When we give him that information, he can come along and say that he wants the names of all those who got the money.

Mr. JOHNSTON (Bow River): That is exaggerating.

Mr. CRERAR: Then afterwards he might say: I want to know the colour of their hair.

Mr. JOHNSTON (Bow River): That is nonsense.

Mr. CRERAR: I did not interrupt my hon. friend. It is all a question of how much detail should be given. My hon. friend is asking for a break-down of this expenditure. We cannot give any break-down of this item of $475,000 because we do not know where it is going to be needed. We expect that it will be needed. We could probably give my hon. friend a break-down of the expenditure last year. But this item is to meet contingencies that may arise this year. I cannot tell my hon. friend now how much will be spent in Germany, how much in France, Holland, Belgium, and so on. That is impossible. The vote is here to meet requests which may reach us for assistance, and it is not possible now to give a break-down of this amount in the manner desired by my hon. friend. If he wishes information as to how the $275,000 which was voted last year was expended, while I have not the details here I can secure them. But I must ask my hon. friend to realize that it is impossible now to break down the $475,000 and say where it will be needed.

Mr. JOHNSTON (Bow River): I do not want to prolong this unduly, but surely the committee should know how these moneys are going to be expended. Up to now, in the information he has given the committee the minister has not revealed how any part of it will be spent; in fact he said he thought that for administration purposes the requirements were nil. The hon. member for Camrose showed from the auditor general's report how some of this money was expended last year, and pointed out that quite a substantial amount was allotted to the high commission-

ers. Since the minister has indicated that some money was paid to employees of the Swiss government for administrative purposes, we should know at least how the money which was disbursed last year was allocated, and what portion of it was received by Canadian citizens living in these countries. I do not mean, received by them as individuals, for certainly we are not concerned about the colour of their hair; no one would ask such a nonsensical thing, and I am astonished that the minister even mentioned it; it would almost seem as though he was trying to evade the question.

Mr. MARSHALL: Last year the minister on his own admission stated that we did not spend $275,000.

Mr. CRERAR: I did not make that admission last year; I made that admission a few moments ago, that we required a little less than $275,000.

Mr. MARSHALL: How did the departmental officials who estimated the amount calculate that we will require $475,000 this year, if last year the allotment of $275,000 was not spent?

Mr. CRERAR: All I can say in reply is that from the information coming into the department it is expected that a larger sum will be required. My hon. friend asks upon what basis we estimate for $475,000 this year. There is not any other basis than past experience. It may be that $50,000 will be required in Germany, or it may be that not $1,000 will be required. I cannot say. All I can do is give the committee the purpose for which we are asking for the money. There is no hon. member who will disagree with the object of the vote. I can assure hon. members that it will be spent as wisely as possible; and when the war is over we shall know how it has been apportioned as between the various countries.

Mr. MARSHALL: How much of the $275,000 voted last year was spent?

Mr. CRERAR: I have not that information here, but I will ascertain the amount which was spent and the places where it was spent last year.

Mr. JOHNSTON (Bow River): And the amount paid for administration.

Mr. CRERAR: I find I have the amount spent last year out of the $275,000; it was $267,527.44. I understand my hon. friend also wants to know how much was spent in each country. It will take a little time to compile that, but I will have it prepared and sent to my hon. friend.

[Mr. C. E. Johnston.]

Mr. MARSHALL: So far as I am concerned I am not interested. All I am interested in is the amount of the allotment which was actually spent last year.

Mr. CRERAR: Well, that is the amount.

Item agreed to.

To provide single minimum cost of transportation of wives and dependents of members of the Canadian forces overseas, $100,000.

Mr. MacNICOL: Is the minister able to state the number of soldiers' wives coming from England and the number of children accompanying them? Is it necessary to assist all of them, or do some of them pay their own way?

Mr. CRERAR: The government pays the passage of these dependents to Canada. From the beginning of the war to the present time approximately fifteen hundred have been brought to Canada. In the fiscal year 1942-43 257 were brought back at an expenditure of $22,651. The number of warrants for transportation issued to dependents for the period April 1, 1943, to January 4, 1944, was 580, and the expenditure for the last fiscal year up to February 29 was $23,299.51. But the number of these people coming back week by week and month by month is increasing, and consequently we are asking for this larger sum. I cannot tell the committee whether all of it will be required; I cannot tell them whether it will be sufficient. As regards many of these war appropriation estimates all we can make is an approximation, and we hope we are fairly near the mark in the amount we are asking for here.

Mr. MacNICOL: Some time ago I saw a newspaper item to the effect that 11,000 of our soldiers had married overseas. In due course their wives will have to be brought to Canada. In the meantime they will have some children, and the aggregate number requiring transportation will be quite large. I have been wondering whether the minister has asked for a large enough vote.

Mr. CRERAR: I believe the number of Canadians who have married overseas is substantially larger than the figure mentioned by my hon. friend, and it may be, if the war ends soon and a movement to Canada upon a considerable scale is begun, this amount will be insufficient; if it is, probably we can get a further amount out of the war appropriation vote. But it is not likely that there will be a very large movement of dependents during the present fiscal year. In the first place, where a soldier has married overseas and has one or two children, his family will remain there until he returns; indeed the likelihood

is that he will return before his family. That is a problem which has to be worked out. Then there is the question of transportation facilities.

Mr. MacNICOL: Over here?

Mr. CRERAR: Across from the other side to Canada. When the war is over several million troops will have to be brought back to North America. The officers think that this amount is sufficient to meet the needs of the current year.

Mr. MacNICOL: Does the vote cover the return of soldiers' wives who went to Great Britain with their husbands?

Mr. CRERAR: There might have been a few in the air service who went over very early, immediately after the outbreak of the war, but later the movement of women and children was stopped. Therefore, soldiers' wives and families were not allowed to leave Canada and go to Britain. A very serious problem arose at the end of the last war. During the course of that war thousands of dependents of Canadian soldiers, wives and children, went to Britain and had to be brought back. There were over 50,000 at the end of the war. There are two or three reasons why we did not want a repetition of that after this war. There was a greater danger in this war than there was at the time of the last war in having the dependents over there, and furthermore Britain was hard pressed for food and it did not make sense to allow the dependents of Canadian soldiers to go to Britain and thus add to the difficulties there. The movement was therefore stopped. The movement which this vote will cover will be in all instances that of dependents of members of the armed forces who went overseas.

Mr. ROSS (St. Paul's): Does the request for the return of the wife come from the soldier or from the wife?

Mr. CRERAR: From either or both.

Mr. ROSS (St. Paul's): What is the general policy in connection with the return of these people? Some men may have been killed and some may be fighting in the army overseas. Does the request come from the soldier himself or from his wife?

Mr. CRERAR: Usually the soldier makes the request of the Canadian authorities in London, and sometimes the wife does. These have to do, mainly though not altogether, with cases where the soldier has been wounded and is invalided home. He may be discharged for one reason or another and comes back to Canada, and under those circumstances, if he has married since he went to Britain, he wishes to have his family back, and we want to bring them back. The vote is for that purpose.

Mr. ROSS (St. Paul's): Is the consent of the soldier always obtained before the request is granted?

Mr. CRERAR: I would assume it is. There might be cases in which the soldier did not want his dependents to come back with him, but I do not know of any.

Mr. ROSS (St. Paul's): I am thinking more particularly of soldiers still over there, soldiers still in action, and I was wondering whether the request came from the wife or the soldier. The consent of the soldier would have to be obtained, would it not?

Mr. CRERAR: There have been, I believe, some instances in which wives and families have returned to Canada while the soldier is still in the army. They come here to relatives. That is done by private arrangement, but in that case we pay the dependent's fare to Canada.

Mr. MARSHALL: Does the government regard it as a loan or as a gift?

Mr. CRERAR: It is not a loan, and there is no repayment.

Mr. ROSS (St. Paul's): I do not see why the soldier should not be always consulted. He is the husband, and unless there is some good reason, he should be consulted as to whether his wife should come home or not. He is the man to be thought of. That is why I asked the question.

Mr. CRERAR: This is ground on which I would not wish to be too dogmatic in expressing an opinion, but I believe that in practically all cases the soldier is consulted. I do not think his wife would want to run away from him over there, nor do I think he would want to run away from his recently acquired wife. These things are worked out by mutual arrangement. I do not know of any cases of the kind suggested by my hon. friend.

Mr. REID: Is the government considering the question of designating as Canadians, in the sense of children born in Canada, the children of soldiers born in the old country? There is quite a distinction between those of us who come from the old country and are British citizens in the first instance and Canadian citizens by domicile, and persons who are Canadians by birth. Citizenship by domicile does not carry on if you leave the country, but a Canadian child, a child born here, cannot be denied entry and is a Canadian citizen as well as a British subject throughout

his life. Many of these children would be born in Canada if shipping space could be provided to send the wives here. This matter is important from the point of view of the child; it is important that it be recognized as a Canadian child, as if born in Canada. Some consideration should be given the fact that these children are the children of Canadian soldiers. They are justly entitled to that consideration, because it will mean something to them in later life. Will the government consider this aspect of the matter?

Mr. CRERAR: My hon. friend has raised an interesting point. He asks whether consideration has been given it. I do not think it has. When a Canadian soldier marries overseas and has two or three children before he is discharged from the army we assume that he will bring his wife and children to Canada and the children will not be under any handicap in this country. The point is an interesting one and I would like to think it over. It strikes me offhand that if we were to clothe these British born future Canadians with some special right it would require to be done by legislation.

Mr. REID: It is worthy of thought.

Mr. CRERAR: It is an interesting point and will be given consideration.

Mr. WEIR: From whom and where is the application made for assistance to bring soldiers' dependents back to the country? That is the point which the hon. member for St. Paul's had in mind.

Mr. CRERAR: The request should be directed to the commissioner of immigration, Canada House, London, by those who are overseas. If a soldier overseas desires to bring his dependents to Canada he should make application to the commissioner of immigration.

Mr. JOHNSTON (Bow River): Is there any restriction on the amount of money? Does the applicant have to be in necessitous circumstances before he makes a request?

Mr. CRERAR: No.

Mr. JOHNSTON (Bow River): Can any soldier's wife get it?

Mr. CRERAR: The soldier can make application and get the transportation.

Mr. JOHNSTON (Bow River): Does the amount given cover just transportation or does it include other things as well?

Mr. CRERAR: The amount given is transportation expenses through to destination, whether it be Ottawa, Montreal, Winnipeg or Vancouver.

[Mr. Reid.]

Mr. JOHNSTON (Bow River): Any soldier who applies for it can get it?

Mr. CRERAR: Any soldier can get it for his dependents.

Mr. JOHNSTON (Bow River): But he must be a soldier. Officers' dependents could not get it. I want to make a distinction there. Can an officer's dependent get it?

Mr. CRERAR: All members of the Canadian armed forces are entitled to it and they can make application on behalf of their dependents who wish to come to Canada, or the dependents can make application and if the circumstances are all in order they get their transportation and are not asked to repay it.

Mr. JOHNSTON (Bow River): It does not depend on the financial standing of the person who is applying for it?

Mr. CRERAR: No.

Item agreed to.

Assistance to the national advisory committee for children from overseas, $75,000.

Mr. GILLIS: Would the minister give us a brief summary of this vote? What is the personnel of the committee, and what are its functions? In what way is this money spent? Are the members of the committee remunerated for their services?

Mr. CRERAR: The members of the committee serve without remuneration. Doctor Wallace of Queen's university is chairman of the committee, and the following are members: Doctor Johnston, of Ottawa, who used to be deputy minister of Marine and Fisheries; Mr. Kenneth Greene; Mr. Fred Bronson; Mayor Lewis and Senator Wilson. Then there are a number from outside points across Canada whose names I cannot recall at the moment. As a matter of fact the general committee have not had a meeting for two years or more, I think. There is a small executive here that handles the distribution of funds and passes accounts; that is, in relation to what was known as the "Corb" children, the children who were brought to Canada at government expense in the late summer of 1940. As I recall it, about 1,560 children were brought to Canada at that time. Some of them have returned. Some of the older ones have returned to enlist, and some have enlisted in the Canadian forces.

Mr. GILLIS: I am not interested in pressing the matter; I was merely questioning the words "assistance to the national advisory committee". As the minister pointed out, I thought that the work was pretty well com-

pleted and that $75,000 of an appropriation as assistance to that committee appeared to be high.

Mr. CRERAR: There are over 1,300 of the children still in Canada. It will be recalled by the committee that there was a very generous response from homes of all classes of people across Canada for the reception of those children. Conditions in those homes were carefully investigated by the welfare departments of each of the provinces, from whom we receive the finest cooperation. People in many of those homes were not able out of their own means to provide expenses, some of which necessarily arose with regard to clothing, school books and the like; and there might be illness requiring hospital treatment, and so forth. There was of course a generous response from the public at the time. The general public contributed altogether over $65,000, and $37,000 of that came from the Independent Order of Oddfellows of Canada. I was particularly proud of that, because I have been a member of that order in good standing for over forty years.

Mr. JOHNSTON (Bow River): That is one good quality.

Mr. CRERAR: Oh, yes. Private donations have now practically ceased, and this amount is asked for to carry the incidental expenses of which I gave an illustration a moment ago. I do not know whether the whole amount will be required, but I do not think there is anything which has really evoked more sincere admiration from the British people as a whole than what the Canadian people have done in their limited way in caring for these children. It might be recalled—it will take only a moment—that in 1940 it was expected that the movement would run into substantial numbers, and it was only the torpedoing of two ships in the late summer of 1940 on which children were coming to Canada, with considerable loss of life, that stopped the movement. I have no hesitation in asking the committee to approve this vote.

Mr. GILLIS: I am not objecting to it at all, but the wording of the vote is misleading. If the money is to be expended in the way the minister points out, I think it is small, but if it is to be used as the wording of the vote suggests, merely as assistance to the advisory committee, it would lead me to believe that it was an administrative vote.

Mr. CRERAR: I think I can clear that up to my hon. friend's satisfaction.

Mr. GILLIS: I am quite satisfied.

Mr. CRERAR: It was anticipated at the time this movement of children started that some private funds would be received; consequently the order in council that was passed, on which the whole action was based, provided for the setting up of an advisory committee and the expenditures were to be made on approval of the advisory committee but subject to government audit. That procedure has been followed, and that is why the vote is worded in this way.

Mr. ROSS (St. Paul's): This vote refers only to children who came out under the government scheme at that time; is not that so?

Mr. CRERAR: The vote is practically for what is known as the "Corb" children. That is the abbreviation for the body set up in Great Britain to deal with the matter—the "Children's Overseas Reception Board." It is true that between five and six thousand women and children came to Canada voluntarily; that is, their people made arrangements for them to come here, and made arrangements for their maintenance here. There have been some instances, not a great many, in which funds provided by this vote have been used in necessitous cases. In the main the vote has reference to the children who came out under government auspices.

Mr. POULIOT: I want to congratulate the Minister of Mines and Resources upon the interest he has taken in the welfare of these children. This afternoon the Prime Minister read a cable from the Premier of Greece, sent from Cairo, to the effect that the help sent by Canada had been received by the Greeks. That help was badly needed, and the cable indicated, that what had been sent by Canada had reached its destination. If I understood correctly what was said by the minister this item of $75,000 is in connection with children already in Canada. I suggest to the minister that something should be done for the children of Europe. It could be done through the Red Cross, in the same way that parcels are sent to allied prisoners of war in concentration camps in Germany or the occupied countries. The distress of these children is incredible. I have here a book by Miss Therese Bonney, a lady who is very much interested in welfare work; this book is illustrated, and I will send it to the minister. The preface is in these words:

> This is the tale, not of one, but of too many European countries, the story of an eye witness . . . visual testimony . . . not words . . . not propaganda . . . reality. There are no staged pictures . . . no misleading captions.
>
> With my camera I have made this record in France, Spain, England, Sweden and Finland.

This is incidental. They might have been taken in a score of other countries to-day. I have written this story with my lens. This is the truth for which I vouch.

The captions under the pictures go on in this way:

It was not so long ago—the children of Europe trooped to class. They went to school—learned their three R's; led happy normal lives at home—at play. Then—war was declared. They too read the news. Suddenly—their little voices were silenced—communications were severed and then—we knew no more. Children played while men dug trenches. Then—they too prepared for war. When the day came there was only an hour—to leave. They took to the road. Tiny tots—packs on their backs. Heavy burdens for weary mothers. From time to time they rested; the old—the young; slept anywhere, everywhere; took refuge in barns. Like grown-ups they too were wounded. They tried so hard to save what they loved if only—a doll. Planes overhead. They understood so little—between air raids; a moment's respite. So exhausted. At times it seemed almost impossible to trudge on. To concentration camps they went, the children, all over Europe. Mothers cradled them while fathers died at their side of neglect and tuberculosis. There the Quakers gave them paper and pencil and they tried to learn. They took it all so seriously, opened their eyes so wide; faced it so courageously—so gallantly. Timidly—they climb to would-be homes in gutted houses. In wind and rain they beg—they search for food; and so often all they find is rotten oranges. Shoeless, hungry, they stay in bed. One shoeless—rags. They go from door to door; sleep—in mangers. Victims—of a civil war, a defeat, an invasion; they face a strange life. Larders empty; "no bread—useless to insist" chalked on bakery doors. "Plus de pain; inutile d'insister." No food at home; long lines in school; one meal a day. They fold their hands in prayer and thank God for that little. Trust the world so implicitly. So few have understood; the Quakers, Red Crosses—nuns. That bread becomes not only the staff of life but the staff of resistance and oppression. They—not the Germans—get the little sent and they try so hard to say thank you.

I want to show this to the minister. I wonder if he cannot do anything for these little children who are dying of hunger in occupied Europe. Those who are here are well fed and well looked after, but these are the young men of the future generation. I hope they will never be exposed to the horrors of war. This is a tragic matter. The situation is so bad in France that little children cannot go to school unless they have a certificate from the doctor to the effect that they do not suffer from tuberculosis. Children are dying in countless numbers in Europe at the present time, and now is the time to do something for them. A society was organized in Montreal for the purpose of helping these children. I have a friend in Westmount, an eminent artist, Mr. J. R. Spendlove, who has taken a special interest in this matter. He has done as much for these little children as Miss Therese Bonney has done in Europe. He wonders, for instance, why the work of the Save the Children Society of Montreal was halted. People were ready to do something. I received a letter from one of my confreres in Beauce county, who told me he wanted to do something, but all their hopes were in vain; nothing could be done. This afternoon, when we came back to the chamber after having listened to His Majesty the King, I went to see the Prime Minister and showed him some of these pathetic pictures. I do not know if that society in Montreal had the approval of the Minister of National War Services, but where is that minister to-day? He is supposed to look after all charitable organizations. This is a matter that should have come under the Minister of Mines and Resources, with his big heart, but now is the time to see that something is done, something more than words, something concrete. Our granaries are full of wheat, some of which we have sent to Greece. There is no reason why something should not be sent to the other countries of Europe. I ask the Minister of Mines and Resources and his colleagues who are listening to me now to urge this matter upon the Prime Minister, who is surely well disposed, so that something may be done at the earliest possible opportunity. Now that the invasion has commenced it will be possible to reach some of these people directly, but in the case of those who cannot be reached directly some help may be given through the Red Cross. I urge this upon the minister, and I hope that something may be done.

Mr. CRERAR: Following the very moving appeal by the hon. member for Temiscouata I want to say that I think he has done a distinct service in bringing this matter to the attention of the committee. This book of pictures which he has sent to my desk reveals a shocking condition of affairs in the districts in which these photographs were taken. Unquestionably we have no conception in Canada of the terrible plight of hundreds of thousands—yes, millions of men and women, and particularly children in Europe to-day. To bring a measure of relief to these unfortunate people is one of the purposes of the United Nations Relief and Rehabilitation Administration, commonly called UNRRA, which was set up several months ago, and upon which Canada is prominently represented. Under UNRRA the people of Canada are pledged to provide a certain quota of relief. By far the greater portion is to come from the United States, and Great Britain and other countries are also pledged to assist. I have no doubt whatsoever that effective steps are now being taken to organize relief for those poor people, and if the steps already taken

prove insufficient, there would be no people or government in the world with any of the decent instincts of humanity that would refuse further assistance.

In the moving speech he delivered this afternoon the hon. member for Temiscouata has brought to the attention of the committee a matter to which we should give full consideration.

Mr. GRAYDON: It would seem that the war estimates of the Department of Mines and Resources are almost through. Therefore at this time may I pay a tribute to those of our war guests who came from Great Britain to Canada. Before doing so, however, may I add what I believe is a well-deserved tribute to the sympathetic and moving appeal made this afternoon by the hon. member for Temiscouata. It shows that in the House of Commons members have big hearts, and that they are prepared to take their stand for the rights of humanity in which this nation is so deeply interested.

Many of our war guests are now returning to their homes, some to serve in the armed forces and some for other causes, and for that reason I believe that as a parliament we might properly express our deep appreciation of having had them with us. They have been an inspiration to the whole country, particularly to the people in those communities in which they have been located. Among the guests who came to Canada were some seventy or eighty little girls from St. Hilda's college at Whitby, England. They were taken to one of the larger homes in Erindale, in my constituency, where arrangements had been made for them. I have been to that home on occasion, and the impression the little girls made upon those of us who from time to time went to see them, and to see the work being done for them by the sisters, is one which will remain with us for a long time.

I believe that the war guests have done something for the Canadian people, and I hope on the other hand that we have done something for them. I believe that their presence here has brought the people of the United Kingdom and those of Canada just a little bit closer because, in the final analysis, there is nothing like children to bring about that result.

Mr. REID: And we hope that they will come back.

Mr. GRAYDON: The observation of the hon. member for New Westminster prompts me to join in the hope that they will come back. I believe that we may expect something of that kind, because I have no doubt the hospitality and welcome extended to them has been deeply appreciated.

The hon. member's remark prompts me to add something further. In the last three or four months I have had particularly heavy overseas correspondence from men who lived in my constituency but who are now overseas. Now, more than ever before, they are writing home and saying that they have friends from one or other parts of the empire, or from Great Britain itself, who are anxious to learn if this would not be a good place to come when the war is over. They want to know what the possibilities are. They want to know what jobs there will be. If I have answered one, I am sure I have answered scores of letters in the last two or three months giving information along those lines. This is information sought by friends of our boys overseas. They have liked those boys, and because of that they think they would like our country.

I have thought it well at this time to take a moment or two of the committee's time to add this word of appreciation in respect of one of those little things brought about by the war, one of those things which, as time goes by, may develop into a very big thing

Item agreed to.

Sundry services, $46,636.

Item agreed to.

Soldier settlement, Alaska highway, legal and survey fees, et cetera, $15,000.

Mr. FAIR: What does this cover?

Mr. CRERAR: In connection with the building of this highway it was necessary to secure right of way, and depots for storage purposes of one kind and another. The Canadian government undertook to do those things. In the process certain legal expenses arose in connection with the searching of titles, the securing of titles to roadway and other properties. This vote is directly associated with those expenditures. There are survey costs of $7,500. Then there is an item of $5,000 for field representatives and travelling expenses. There is a further item of $2,500 for legal and miscellaneous costs in connection with the item.

Mr. KNOWLES: What relation has this to soldier settlement?

Mr. CRERAR: None at all, other than that a couple of experienced employees of the soldier settlement branch did the work.

Mr. KNOWLES: And that is the reason why it is listed under soldier settlement?

Mr. CRERAR: Yes.

Item agreed to.

DEPARTMENT OF EXTERNAL AFFAIRS

Departmental administration and passport office, $142,425.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, hon. members may recall I mentioned a few days ago that, when taking up civil estimates, I would make a general statement on external affairs, and would be prepared to discuss individual items in the committee at whatever length hon. members might desire. My hope is that it will not be necessary to discuss on these war appropriation estimates, in any detail in any event, the matters that would be discussed on the civil estimates.

I might explain that when the war came on, the Department of External Affairs necessarily assumed a number of additional duties and began to perform services which had not been performed in peace time. It is apparent now that many of these services will for the most part have to be continued after the war is over. I might illustrate; for example, a number of new legations and embassies have been opened during the war. In making appropriation for these services where they have arisen in time of war we have voted some of the moneys required under the war appropriation. This year, in order to make matters a little clearer, we have included many of these services in the civil estimates account rather than in the war appropriation estimates. Hon. members will see we are asking for smaller amounts in the war appropriation estimates than we did a year ago. That does not mean that there will be less expenditure on these services. It means that we have transferred to the civil estimates expenditures we were formerly voting under the war appropriation. All the three items here set forth, departmental administration and passport office, representation abroad, and sundry services could be discussed under the civil estimates as they will come up then, and I would hope that they might be discussed then rather than now.

Mr. KNOWLES: In view of what the Prime Minister has just said about transferring the expenditures to civil estimates, may I ask why he does not transfer all of them? Are the amounts that are still here in the nature of war estimates?

Mr. MACKENZIE KING: There are always certain exceptional things arising; for example, temporary staff, the renting of premises that had not been anticipated or that might only be temporarily required and the like. Provision for such may appear under the war appropriation estimates. If they continue after the war they will thereafter appear in the civil estimates.

Item agreed to.

[Mr. Crerar.]

Representation abroad, $87,000.

Item agreed to.

Sundry services, $108,000.

Item agreed to.

Mr. GRAYDON: Now that the items have been carried—I was fearful of provoking further discussion if I spoke before—I wonder whether the Prime Minister at some time, not necessarily now, would clarify something which has not been clear to my mind. The other day the diplomatic representatives of Chile and Canada were raised to the rank of ambassadors from ministers, and I was wondering what the policy was that governs such changes. Perhaps the Prime Minister would make a statement on that when his civil estimates are up. I was curious why it was done in the case of some countries and not in that of others. I was also wondering who takes the initiative in such matters, whether it is done by agreement, and generally what is the policy covering such changes.

Mr. HANSON (York-Sunbury): And is there no distinction made between great countries and small countries? We should not have ambassadors to every country.

Mr. MACKENZIE KING: On this continent we had reached the stage where our minister at Washington was the only senior representative with the rank of minister of all the countries represented there. All the South American countries had ambassadors, and we did not feel that our representative should take second place to any country in this western hemisphere.

Mr. HANSON (York-Sunbury): That is equality of status.

Mr. MACKENZIE KING: Both in status and in stature we felt that we could hold our own.

Privy council office—

Statutory orders and regulations division, $40,665.

Item agreed to.

Wartime information board, $995,707.

Mr. FRASER (Peterborough West): I do not think this item should carry without some explanation from the Prime Minister as to the need for this amount of money. There is a lot of money spent by the wartime information board that should not be spent. They are getting out bulletins all the time. Here is one, "Airmail Bulletin." They have issued a number of bulletins. They are coming out nearly every day, and sometimes what they get out is not even accurate.

Mr. MACKENZIE KING: I should not like to admit the last statement. There must

be some explanation. My parliamentary assistant, the hon. member for St. Lawrence-St. George, has been following very closely this phase of the work of the privy council and I shall allow him to make the explanations that are being called for.

Mr. HANSON (York-Sunbury): Two instances were brought to my attention of bulletins sent out by the wartime information board covering national selective service. I took occasion to write, protesting against the duplication, to the gentleman whom I see in front of me. I must say that he answered very courteously but without very much conviction, to me at all events. There is duplication and some of the information given out is not even supplementary. I am sorry I have not my file with me. I could show the Prime Minister exactly what I mean if I had it here. The wartime information board were sending out information with respect to the operations of certain government departments which the departments themselves had already covered and covered very fully with respect to employers, employees and so forth. Two of the bulletins I refer to were just pure duplication. If the board have to be busy—and I suppose they have to or they could not justify themselves—care should be taken to see that there is no overlapping, because all this comes out of the taxpayers' money. There should be more coordination to prevent this duplication. I am sorry I have not under my hand the two bulletins to which I refer, but I am sure I was justified in making the protest which I did at that time. There is duplication—that is the assertion I make.

Mr. CLAXTON: Last year the appropriation and work of the wartime information board were very fully explained and discussed, and I do not feel that hon. members would wish me at this time to make any extended remarks.

The work of the board has been carried on and has been expanded considerably during the past year to fill strong and obvious needs for its services. Plans for this fiscal year are for the continuation of activities on about the present level. The amount of the board's estimates is small in relation to the need for the spreading of knowledge about wartime Canada both abroad and inside the country itself.

The events of to-day bring home the desire of all Canadians to have all possible information about their country and its place in the world and the glorious record our forces are making abroad. Information leads to understanding and understanding to common action. Information has played an important part and has still a great role to play in the winning of the war and the laying of a solid foundation for peace. It was in pursuance of these objects that the board was set up to meet a real need.

The remarks of the hon. member for York-Sunbury were directed toward a publication known as "Labour Facts," issued by the wartime information board to editors of labour journals to industrial establishments and trades unions. The bulletin was issued after a very careful survey had been made which indicated that there was a strong need for such a publication. I have a copy under my hand.

Mr. HANSON (York-Sunbury): Why does the parliamentary assistant say that? I will tell him that the publication came to me from a big industrialist who said that he had already received the information many times from the Department of Labour and that there was nothing new in this publication.

As to the necessity for this board generally, my understanding of the setting-up of this board was that it was to diffuse proper information in the United States, where there was a misunderstanding as to Canada's war effort. I applauded that because I thought they were in need of information over there as to Canada's aims and objectives; as to what we did, how we did it and why we did it. But the work of this board is expanding at an alarming rate. More than that, it ignores the public press of this country. Most of the stuff this board sends out, the newspaper men tell me, finds its way into the wastepaper basket.

Mr. CLAXTON: This sheet, "Labour Facts", was sent out, as I say, to meet a need which was strongly expressed. That material was not made available in any other form. This is not of the nature of news; it is information bearing on labour questions; and I can read to the committee, if it wishes me to take the time, some part of this file of commendations received from representatives of trades unions and industrial establishments and industrial organizations, commending this publication and stating that it meets a long-felt need. May I read one, from Mr. A. R. Mosher, president of the Canadian Congress of Labour:

> For several months the wartime information board has been publishing a bulletin entitled "Labour Facts" for the use of labour publications in Canada. I believe that that bulletin should be read by labour editors on publication and that the material in it, both text and illustrations, should be utilized to the fullest extent. It is almost impossible to keep up with activities in the field of labour on a national and international scale, and much interesting material that would be overlooked ordinarily is brought together in "Labour Facts" in such a way that it can be reprinted directly or

rewritten to meet the requirements of the editor. May I commend "Labour Facts" to all labour editors and urge that they cooperate with the wartime information board by giving wider circulation to the material it contains.

There is a very large file of similar correspondence. This publication does not take the place of regular news services; it does provide material which editors concerned in dealing with labour questions can use in such form as they wish, and they do use it.

Mr. HANSON (York-Sunbury): Does the parliamentary assistant suggest that this is any more than a collection board of material which is already sent out by the labour department? That is my understanding of what it is, and whether or not Mr. Mosher has received this material in a convenient form suitable for his purposes, or whether labour editors have received it, I say as a fact that what is sent out and distributed in this pamphlet was already distributed by the Department of Labour, and is a duplication. That is what I am told.

Mr. CLAXTON: A reference to the publication itself will indicate that it is not a duplication. On the other hand, it does present in various forms material which has already been sent it by the labour department, but in addition it presents material bearing on the treatment of labour questions in other countries of the British commonwealth including the United Kingdom, and in the United States, and brings to the attention of those dealing with labour matters information of a general nature which is interesting and which has a definite usefulness in Canada. If you look at volume 1, No. 4, which I have in my hand, you see the headlines in one column, "Labour in Other Lands". "U.S. Trades Unions Increase Membership". Then there is another heading, "Aussies Say Unions 15·7 per cent of Population". "Ford Co. in Britain Signs Union Agreement". And so on. It presents in this particular column information which would not ordinarily be available in any other form. It also collects information which is available in some other form and puts it in the most presentable and most useful form for the purposes of these editors.

Mr. FRASER (Peterborough West): I mentioned before this "Airmail Bulletin" sent out by the wartime information board. This is dated February 21. One of the items is, "Labour-Progressive Platform: Tim Buck, National Leader . . . " Of course I understand now why they put that in, because Buck wants to affiliate with the Liberal party. But it is information which newspapers throughout the country already had, and I understand that these are sent to practically every newspaper in Canada.

Here is another dealing with shipbuilding, and it states that Hughes Cleaver, of Halton, chairman of the war expenditures committee, says the government is saving $40 millions on account of readjustments. That is nothing but bunk, and we know it.

Mr. HANSON (York-Sunbury): It is nothing but propaganda.

Mr. FRASER (Peterborough West): All these bulletins are the same. Here is something about the Saskatchewan election, in the wartime information bulletin of May 12; they even forecast what it is going to be.

An hon. MEMBER: What is the forecast?

Mr. FRASER (Peterborough West): They say that the main fight is expected to be between the Liberals and the C.C.F.—which also is absolute bunk, because the Progressive Conservatives are going to come out on top there. That sort of stuff should not appear in wartime information board publications.

Mr. HANSON (York-Sunbury): I should like to ask the hon. member for St. Lawrence-St. George how he justifies that.

Mr. FRASER (Peterborough West): Here is another one, put out on May 29, reporting "Captain Denton's Warning", in a speech in the house, and they correct it on May 1. They say, "Correction, item 3, Saturday", that it should be "Group Captain Denton Massey", instead of "Captain Denton". That is the sort of stuff they put out. They ask us to save paper. Good Lord, this outfit is destroying paper as fast as they can do it.

Here is another one, "Canadian Churches". I understand this bulletin is sent out every month. There is an article, "Churches in Chains", dated November, 1943. Also we have "Consumer Facts". There is a "Consumer Radio Service". I know quite well that, as the hon. member for York-Sunbury says, most of this is thrown in the wastepaper basket. Here are more sheets, "News Features", a service sent out to Canadian newspapers weekly for them to clip. Yet another one, "Facts and Figures Weekly". There is a French edition as well as an English one.

Mr. MARSHALL: How does the hon. member get all these?

Mr. FRASER (Peterborough West): They come, all right. Here is another one, "Post-war Planning Information, Wartime Information Board, Ottawa".

Mr. MARSHALL: A lot of these I never heard of.

Mr. FRASER (Peterborough West): Yes, but they are being issued, thousands and thousands of them. Here is another, "Weekly Editor Looks at Ottawa", by Jim Greenblatt. It is prepared by the wartime information board and sent to the Canadian weeklies. I have here another one, "Wartime Clips", intended for weeklies and other newspapers. Certainly, as I said before, the government is helping to waste paper. Look at all this stuff. "Book Shelves", "Canadian Affairs", "Future for Fighters". If you go through this you will find that it is a set-up for the government in power.

Mr. SINCLAIR: It is first-class stuff.

Mr. FRASER (Peterborough West): According to your say-so.

Mr. SINCLAIR: According to any fighting man who wants to know what has been done for him.

Mr. FRASER (Peterborough West): That would be all right if it was—

Mr. SINCLAIR: Published by the Tory party.

Mr. FRASER (Peterborough West): No; they would not waste paper putting out all this stuff. They would issue it in a form that the soldier, sailor or airman could read.

Mr. SINCLAIR: Another fifty points by John Bracken—for the soldier this time.

Mr. FRASER (Peterborough West): When John Bracken is here, leading this house—

Mr. SINCLAIR: "When."

Mr. FRASER (Peterborough West): It will not be very long. These are samples of the pile of stuff which is being sent out all the time, and which is nothing but a waste of material. In the air force they even ask how the people are going to vote, and the wartime information board are doing practically the same thing.

Mr. HANSON (York-Sunbury): I think we ought to have a little more justification of this, because it is waste.

Mr. CLAXTON: The hon. member says it is waste. That does not make it waste.

Mr. HANSON (York-Sunbury): No; but it is a good opinion.

Mr. CLAXTON: The hon. member for Peterborough West referred first to the "Air-mail Bulletin," and said that it competed in some way with newspapers.

Mr. FRASER (Peterborough West): No; I never said that. I said that it was sent to all places in the United States, to the newspapers there. That is where I understand it is sent.

Mr. CLAXTON: The hon. member's information is not correct. This is a concise statement of developments in public affairs and in the war effort throughout the dominion. It is sent by air mail to Canadian diplomatic missions, trade commissioners, British embassies and legations, in Central and South America, to the various departments of information, broadcasting and government, to the head offices of a limited number of Canadian exporting firms who have expressed the desire to have it. All these cannot receive the information quickly by any other service. The need was expressed and this publication meets it. It is a single sheet on airmail paper and goes out daily. It is the only way these diplomatic missions and others living abroad receive prompt information about events in Canada. My hon. friend referred to some of the items as if they were mistaken. I have not seen any cases of inaccuracy.

Mr. FRASER (Peterborough West): I was told by a member of the war information board that it was sent to newspapers.

Mr. CLAXTON: It may be sent to newspapers at their own request if they cannot get ordinary news or other services, but it is not sent to newspapers generally.

With regard to "Canadian Churches and the War," this publication is sent out to ministers of non-Roman Catholic churches. It was decided, after conferring with the committee of heads of churches presided over by the primate of the Anglican church, that this would be a useful service. It was to supply a need which the ministers themselves expressed that this service was undertaken. This publication matches a similar service given in the United Kingdom to the churches there. There is a corresponding service that goes to Catholic churches in Canada, and that was agreed to after discussions with the cardinal himself, who expressed his sympathy with the project. In these bulletins material is largely collected from publications in England, in the United States and in other countries as well as in Canada, bearing directly on the work of the churches in connection with the war and the organization of peace after the war.

Mr. FRASER (Peterborough West): I have one bulletin which says, "Roosevelt and Wilkie define functions," et cetera. That is January, 1944. Do these go to all the churches or just to the Roman Catholic, the United Church and the Church of England?

Mr. CLAXTON: The first publication I mentioned goes to all churches of Protestant denominations, and to all non-Roman Catholic churches. "Nouvelles Catholiques" goes to Roman Catholic churches.

My hon. friend mentioned "News Feature," published weekly. It has a circulation of 340 and goes to editors of farm and weekly papers and to representatives of cooperating government departments. It supplies a service of material that may be clipped by these editors. I can show my hon. friend clipping books indicating a very wide use of this material.

He next mentioned "Reference Papers." Reference papers are mimeographed papers which are prepared by the wartime information board on the basis of information already available. They endeavour to collect in a short, compressed form all the information on a single subject. It is issued to editors and others only on their request. It goes to government departments and a limited mailing list of that kind. Anyone who has seen a collection of papers to date will see how useful they are, because they collect in one place all the useful information on a particular topic.

Post-war planning information is exactly similar in character. Hon. members themselves must be aware of the quantity of information available now coming from parliamentary committees and in legislation of one kind or another as well as in other ways on post-war planning and organization of various kinds. A strong desire was expressed by members of this house and many others that a summary be prepared and kept up to date giving an account of what is happening in that field, and that paper is designed to meet that need.

The "Weekly Editor Looks at Ottawa" is issued weekly. It has a circulation of 444 and goes to weekly newspapers in Canada which express a desire to have it.

Mr. STIRLING: These are free?

Mr. CLAXTON: Yes. Mr. Greenblatt, who edits it, is himself a weekly editor, and this service is widely used.

Mr. HANSON: (York-Sunbury): Is it objective or is it propaganda?

Mr. CLAXTON: It is objective.

Mr. HANSON (York-Sunbury): Entirely?

Mr. CLAXTON: My hon. friend and I could go through it and we might differ over certain points—

Mr. HANSON (York-Sunbury): You are the authority.

Mr. CLAXTON: —but it is as objective as it can be made. I should add that the weekly newspapers themselves suggested that Mr. Greenblatt should be the editor of this particular work.

[Mr. Claxton.]

My hon. friend mentioned "Canadian Affairs." "Canadian Affairs" was started at the express request of General McNaughton and was referred to in the debate last year. It has been continued, and I have here in a folder expressions of the highest commendation of this publication from officers commanding units from one end of Canada to the other as well as from many units in the United Kingdom. The publication corresponds very closely to a similar one previously issued in Great Britain by the United Kingdom authorities for the service of their troops there.

My hon. friend did not mention "Canada at War", which has the largest circulation of any publication of the wartime information board. That is a publication that is recognized as unique. "Canada at War" is recognized everywhere as the most compact and informative information bulletin issued in any country to-day. Hon. members have all seen the illustrated number which was issued in March and I can assure them that it has received the widest possible praise both inside and outside Canada.

Mr. STIRLING: The Prime Minister said that he was not in a position to accept the allegation that inaccuracies appeared in these publications. I would remind him of one. Earlier this session he was putting through a small supplementary vote in connection with refugees, and I called attention to the fact that the February number of "Canada at War" gave a list of dates in the month of January and asserted that a consignment of refugees, I believe 250, had arrived in Canada from the Iberian peninsula that month. Investigation had shown me that it had not yet been decided that they should come, much less had come, and I think the Prime Minister himself had been misled by that information. He will remember that these refugees not only had not come but did not come for some weeks after that.

Another instance of inaccuracy in "Canada at War" was brought before the committee last evening by the hon. member for Comox-Alberni, a particularly displeasing one to the people of British Columbia, where it was asserted that seventy-five per cent of the Japanese in Canada were Canadian born. As the Prime Minister knows, that is a very difficult question in British Columbia, particularly at this time. It is unfortunate that such a misleading statement as that should have come out in "Canada at War". The real figures were placed on *Hansard*, this session, last session and the session before, and I cannot understand how those who produce "Canada at War" could have made those two mistakes, both of which have come particularly

to my attention. I do not see how it could happen if they collect the facts, sift and examine them carefully before allowing them to go into print.

Mr. CLAXTON: The hon. member is quite right in his reference to the statement about the coming of refugees in "Canada at War"; that statement was based on information which had not been properly verified and it was not correct. We are very much indebted to him for pointing it out.

With regard to the percentage of Japanese born in Canada, I have not the figure and I am sure we are very glad indeed to get that correction too. I point out that those publications are issued fairly widespread. "Canada at War" has a large circulation. I think I am right in saying that the hon. member is one of the few people who have ever detected any error of fact in that publication.

Mr. HANSON (York-Sunbury): I detected one which was admitted, but we did not discuss it publicly. It was a terrible thing to put in this publication.

Mr. CLAXTON: When one takes into account the amount of statistical information it contains and the difficulty of securing adequate secretarial and editorial staff in these days I think it will be seen that the record is a fairly good one, all things considered.

Mr. HANSON (York-Sunbury): I notice they are spending about fifty per cent more this year than they did last year. How much has the staff increased and what is the salary increase? Who is now the head of the board? I understand that Doctor Mackenzie has resigned. Who is now the head of the board and what salary does he receive?

Mr. ADAMSON: What is the circulation?

Mr. CLAXTON: Doctor Mackenzie has not resigned. He is going to move to British Columbia to take up his new office as president of the university of British Columbia. I think it can be anticipated that when he does move he will resign and will have to be replaced.

Mr. HANSON (York-Sunbury): He told me he was going to resign; I thought he had.

Mr. CLAXTON: No; he has not resigned.

Mr. MACKENZIE KING: That is an error.

Mr. HANSON (York-Sunbury): I have his own word for it that he was going to resign. I immediately assumed that he had. He certainly cannot do the work as chairman of this board—

Mr. CLAXTON: That is quite different from saying that he has resigned. He receives, of course, no remuneration.

Mr. HANSON (York-Sunbury): I realize that.

Mr. CLAXTON: None of the members of the board receives any remuneration. With regard to the staff, at the time the estimates were dealt with last year it amounted to 142. The figure to-day is 157.

Mr. ADAMSON: Has the parliamentary assistant any idea of the circulation of "Canada at War"?

Mr. CLAXTON: Yes; 180,000.

Mr. KNOWLES: It seems to be a popular indoor sport to criticize the wartime information board, and since I sit on the opposition side I suppose I might be expected to indulge in that sport; but I am going to vary it a bit and say one or two things on the other side. I agree in part with the criticism that there is a certain amount of material that is not all it should be, and that there is considerable waste, but in the main I think the job the wartime information board has set itself to, namely, the collecting and disseminating of information on all possible subjects relating to the war-time situation and also the task of getting informative material through to the members of the forces, is one that had to be tackled, and I would hope that from the floor of this house we might not try to discourage the board but that we might offer constructive criticism in order that the work of this board might be improved.

I should like to say a word about two publications. One has already been mentioned, namely, "Canadian Affairs". The other is "Canada Digest". Although I have some criticisms that I might offer about them in a moment, I think they are very good publications, and in this I agree with the hon. member for Vancouver North who made commendable references to them a moment ago. Having said that, may I offer one or two suggestions which I hope will be constructive? I think we have to face this fact, that politics is an important factor in the life of any democratic country; certainly it is in the life of this country. There is no use in trying to evade that issue; there is no use in trying to be supra-political in talking about our national affairs.

In this country we have several major political parties. They take definite stands. They are all very active, and a great many people feel that the future of this country depends upon which of those parties rise to the top out of the general situation in which we find ourselves. Bearing that in mind, I think the wartime information board, both in the reference papers that it is preparing for use generally at home and in publications that it

prepares for the forces, should collect and give more information about other political groups, in addition to the party now in power. For example, a commendable series is reaching my desk right now. I do not receive all the material that the hon. member for Peterborough West receives, and on that score I feel a little bit slighted. One commendable series that is coming to me is one in which post-war planning information is being collected—

Mr. FRASER (Peterborough West): I mentioned that.

Mr. KNOWLES: The hon. member mentioned that, yes. I have read that material closely and I have not yet seen anything in it but the plans of the government now in power. It is a good idea to collect that material and make it available, but I think that not only would the wartime information board save itself from criticism but it would be doing a job that it ought to do if it also collected the plans of the Progressive Conservative party, assuming they have some plans.

Mr. FRASER (Peterborough West): We certainly have.

Mr. KNOWLES: Also plans of the C.C.F., which we print from time to time and publish in books that members of this house are only too glad to buy.

Mr. GRAYDON: After all they cannot transport libraries overseas.

Mr. KNOWLES: I am quite enjoying the cross-fire that is going on here, but at the same time I am serious and I think hon. members agree with me that if information is to be collected about plans being drafted by responsible bodies in Canada, that material should include not only the material of one party which happens to be the government in power but also the material of the other responsible parties of this country. I feel that the same principle should be given effect to in "Canadian Affairs" and in "Canada Digest". I would therefore suggest that there should be articles in "Canadian Affairs" on the activities of other political groups. The men overseas are interested in what is going on at home. Many of them have been away for quite a few years. They do not know what has developed in the meantime. It seems to me that the wartime information board would be doing its job just that much better if it gave information about other groups. I would suggest that the best place to get authentic information about the Progressive Conservative party is not from us or from the Liberals but from the Progressive Conservative party. When I say that, my hon. friends to the right do not interrupt me, I notice. The same thing applies to the C.C.F. The best place to get information about our party is not from our enemies—

Mr. HANSON (York-Sunbury): The trouble with my hon. friend is that the members of his party do not all agree. One fellow in British Columbia says one thing, and another fellow here says another.

Mr. KNOWLES: —but from us. Similarly with the "Canada Digest". Articles by or about the political leaders of other groups might be reprinted.

As I said a few moments ago, I feel that we have to be realistic about this word "politics". So often it is suggested that there is something underhanded about it, that we should not get "political"; but the plain fact is that politics is an important factor in our Canadian life; it always has been and is definitely so at the present time. I would urge the wartime information board to try to be not just a board of the government but a board of the people of Canada; to aim at collecting and supplying information, both in the reference material provided here at home and the material provided to members of the forces, concerning all the groups and all the activities in Canada at the present time.

Mr. HANSON (York-Sunbury): I want to register my protest against the underlying theory of the hon. member's proposal. What is it? That in wartime the money of the taxpayers of this country should be utilized in disseminating political propaganda. He objects, and perhaps properly, that the information disseminated by the wartime information board is political propaganda in favour of the government of the day. I think there is a good deal in that charge; I believe it is one of the charges one might justly bring against this board. But let us view the thing from its wider aspect. If the government in charge is entitled to do what it is doing, the hon. member says that we should be allowed —meaning his party—to have our views disseminated at public expense in wartime, and the Progressive Conservative party should have the same privilege. Why does he stop there? We have in this house representatives of the bloc populaire; why should they not have their views disseminated at public expense through these government publications? Then we have the Canadian party. It is not large, it is true, but at times it is vocal; and why should he not have his views dis-

seminated in the same way? I need only go down the whole gamut to reduce this whole thing to an absurdity.

The fact of the matter is that not one dollar of this money should be utilized for political propaganda in behalf of any party, and I know that in principle the Prime Minister will agree with that statement. I believe the distinction he will make is this. He will say that the plans of the government for the future are not in the nature of political propaganda, that they are statements of government policy. Well, the dividing line there is too narrow for me. I do not think any of this money ought to be spent in disseminating the views of any particular party with respect to any economic proposals, for the future or otherwise. I do not think the taxpayers of this country will agree to expenditures of that kind; certainly I am not going to agree. No matter what may be the sins of the government in this regard, I am sure they would not agree either. What about Tim Buck? Why should he not get his oar in also?

Mr. KNOWLES: He has it in now.

Mr. JAQUES: He uses the CBC.

Mr. HANSON (York-Sunbury): I did not know his propaganda was appearing in "Canada at War" and other government publications. I know he is trying with all his might to attach himself to some party. First he tried the socialist party, but they repudiated him. Now he is knocking gently at the door of the Prime Minister, and as far as I am concerned the right hon. gentleman is welcome to him. I notice that the only political parties he has not sought to associate with are the Social Crediters and the very respectable Progressive Conservative party, to which I belong, and I tell him now that if he knocks at our door he knocks in vain.

But let us be serious about this matter for a moment. I ask the Prime Minister to see to it and give instructions that any information disseminated by these boards shall be objective and shall not be open to the criticism that it is political propaganda. The hon. member for Winnipeg North Centre has made the definite charge that material which has gone out is propaganda on behalf of the government. I believe a great many people will agree with that view. It may be arguable, but I do not think much issue can be taken with that statement if you consider as a whole what has been sent out. Certainly I would object to any of my taxes—and I pay a good deal—being used to disseminate my political views. I shall do that in some other way. I would register the strongest possible protest I could summon to my aid against sending out propaganda in favour of the socialistic policies of my hon. friends to the left. I am not going to help pay for that if I can help it.

Mr. MACKENZIE KING: May I just reply to my hon. friend and say that I would very strongly resent government publications being used for purposes of political propaganda. I think all the boards understand that, and I am perfectly sure the members of this board seek in their publications to avoid what may be regarded as propaganda and to give only facts.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. FRASER (Peterborough West): I should like to ask the parliamentary assistant to the Prime Minister what Canada pays towards the united nations information office at 610 Fifth avenue, New York?

Mr. CLAXTON: In the period March 31, 1943 to February 29, 1944, the amount was $8,446.54.

Mr. FRASER (Peterborough West): Just for distribution, is it?

Mr. CLAXTON: It is a contribution to the work of the office. The united nations information office is one of the instruments of the united nations. Quite a number of those nations contribute to the work of the office. The costs are allocated among them, and Canada's contribution between those dates was the amount I have mentioned.

Mr. CHURCH: I should like to call the attention of the committee to some matters in connection with this wartime information board which I think are of most importance, particularly in view of the changed position in the war. As hon. members know, the appointment of this particular information board was, in my opinion, a reflection upon the press of this country. It showed not only a lack of appreciation, but a lack of confidence in the press of the country, which had done such splendid work during the last war, in the present war, and in the long years of depression between.

I am very much surprised, in view of the changed conditions in the war, that the government is now anxious to continue this policy of spending nearly a million dollars in the United States to educate the people over there.

I have looked into this situation very carefully. There was a debate on July 13 last year with respect to this same subject matter. It was pointed out at that time that some of the leading people wanted us to open offices in New York, Chicago, San Francisco, and many other places in the United States. What for? To try to educate the people of the United States about Canada, and all that kind of thing. As a result of this the parliamentary assistant, and others, invited many members of the press to come to Canada. Fifteen or twenty of them looked over the country. They came, they saw, but they did not conquer. They went back home and wrote a few articles in their newspapers—and in some cases Canada paid in gold of the realm for it, paid for ads in those little papers—pages of ads in papers. They went into the county papers, and all that kind of thing.

The government forgets to realize that we have to-day a regular expeditionary force. Where? In the United States. What are they doing? Why, you cannot walk down a street in Washington without meeting them. We have a small standing army in Washington, and we purchased big locations for them. They say, "When in Rome, do as the Romans do." I suppose it would be, "When in Washington, do as the Americans do." They have spent money like water on this publicity and information campaign. In my opinion the good it has done has not amounted to a snap of the fingers, so far as educating the people of the United States is concerned, or to win the war. Our soldiers and the glorious work in Italy, Sicily, Africa and other places have done more than any information bureaux, past, present and future.

I believe in putting on the brakes, so far as these expenditures are concerned. The expenditures of this particular department are going up by leaps and bounds. Away back on July 13, 1943, it was a different story. They had no office. I have no quarrel with the parliamentary assistant, because he is a most excellent gentleman, and one whom I have known for a long time. But there is a difference of opinion between him and me and between the Prime Minister and me in respect of public matters like this one. The Prime Minister has done a great deal in the United States to bring about good will. I admit that; I give him credit for it. He is well liked over there. But I have differed with him on many public questions, and I do in this instance. I do not take anything back in what I have said. I was opposed to this proposition of a wartime information office, right from the start.

[Mr. Church.]

This branch has been under the control of almost half a dozen ministers and acting ministers. One of the ministers was a gentleman who went to the bench—a very good citizen. He had charge of this board at one time. Then it came into the hands of a new minister.

What do we find here? We find a number of newspaper men coming forward, and offices were opened in the United States in October, 1942. The office had been open for only ten months when the last vote was before the house. At page 4711 of *Hansard* for 1943 we find a description of policy. It is said that the men in New York and Washington work hard. They go down and look at these glorious offices, fitted out in New York city. Well, you would think that the field of the cloth of gold could not be compared with some of that furniture. One would be reminded of another place in this building, where he sees that kind of furniture. Then those men go to work, and they want to open offices also in San Francisco, Chicago and other places to educate America. Last year the parliamentary assistant said, as reported at page 4711 of *Hansard*:

> Those suggested to me now are the representatives of the Associated Press, the Chicago *Sun*, the New York *Daily News*, the NFA service and a good many others.

After you have gone through all this, what do you find? Well, you find that there was a debate on this very question, namely, that of understanding Canada, which took place in the senate and house of representatives at Washington. What did they say? Some congressmen said that Canada to-day was paying tribute and cash taxes to Britain yet, the same as in the days of Lord North—a tribute of millions of pounds a year, in taxes taken out of this country by the imperial government. Then there was a debate in Washington on what was known as the Connolly bill—Senator Connolly who was in Ottawa last summer to attend a meeting of the empire parliamentary association. On that occasion he made a fine address. It was asked whether Great Britain should have five seats in a proposed new organization, or only one seat.

Mr. Denys Smith, writing in the May issue of the *National Review*, criticizes this policy. He states:

> The similarity of American and British history, however, is not only unrecognized in the United States, but American information about the British empire appears to have become crystallized about fifty years ago so far as the vast majority of the population is concerned. Some of the ideas entertained about modern Britain and the British empire would be a travesty of the truth were they applied to the days of George III. There are, unfor-

tunately, few ways of measuring the depth of this ignorance although it is manifest in every congressional debate on foreign policy and in many editorial disquisitions even in reputable newspapers. A recent Gallup poll showed that three-quarters of the population believed Canada paid taxes to the British treasury, an obvious residual impression left by the usual school textbook presentation of the war of independence as an attempt by the parliament at Westminster, or as the textbook would more probably phrase it, the British king, to get taxes from the colonies for the benefit of the mother country. If there is that much ignorance about Canada, a country which is the United States closest neighbour and one which tens of thousands of Americans have visited at one time or another, there is small wonder at the ignorance displayed, say about India. British knowledge of America is far from perfect. But it is not as bad as American ignorance of Britain.

There is the same ignorance about Canada. I was glad to see the Prime Minister's efforts in collaborating with the great President of the United States and it is of the utmost importance that we continue to collaborate with our glorious ally to the south. But there is a right and a wrong way of approach. I have talked to a number of Americans. I was one of the officers of the municipality of Toronto for a great number of years; a large number of Americans visited that city in the summertime and I met many of them. They are very fine people, but they would respect Canada and the mother country more if they knew more about us, and if we would tell them the truth once in a while about our empire. There was a debate on foreign policy in both houses of congress three weeks ago last Monday, and the views expressed there were more significant than the general resolution passed in favour of post-war collaboration. There was a food convention at Atlantic City, a body known as the United Nations Relief and Rehabilitation Administration. It formulated its policy at a conference in Atlantic City, an American city which is typically American in the sense that its like would be hard to find elsewhere. The general Republican position toward world affairs combines two apparently irreconcilable concepts. First there is the suspicion of anything in the nature of a close association with a few powers in the post-war world, and a preference for an all-inclusive union of all countries large and small. Yet at the same time there is opposition to the principle of equal rights for all countries great and small. In other words, as to isolation they are back to the days of George Washington and Andrew Jackson—a policy of no commitments.

There was a chance, right in the cities of Washington, New York and Atlantic City, for our publicity men and this information bureau to act and do some good work, to educate the people of the United States. We have a small standing army of publicity men and our military forces and other agents there. If they were to march down Bank street four abreast they would reach from here to Lansdowne park, but apparently no effort is made to explain the position of Canada to the people of the United States. Look at the glorious record which our Canadian soldiers have won in Europe, by their work in Sicily and in Italy, by their march across the desert, and by the capture of Rome. In every theatre of war they have distinguished themselves. But all that is not publicized in the United States by our publicity men.

There has been a wide expansion of the information bureau since last July. We had a debate in this house on July 12 last on the wartime information board, which continued on July 13 and lasted into the 14th and what have been the results from the efforts of our publicity bureau? What have we got? They have not been telling the people of the United States about Canada and what it has done. No one can justify the way in which our public relations officers and publicity men and the information bureau have expanded in numbers in the United States.

I have a return here which was brought down in accordance with an order of the house last week showing that we have 396 publicity officers, 156 of them being press agents and liaison officers in one branch alone. All these officers are to educate the public, mostly in the United States. It is really usurping the power of the press of this country and shows a lack of confidence in the press to establish such a board. A true picture should be given to the electors of what is happening at home and abroad. These public relations officers have expanded to a small regiment. Their work is not merely to educate the public but apparently to put before the public all that there is in Webster's dictionary. They tell us all about food, all about clothing, all about departmental policies. They have a spokesman in each department who gives interviews to the newspapers along the lines I have mentioned. Then they have what is called an apology department, a chief apologist for policy, past, present and future. He is really a ghost writer behind the scenes, a spokesman for this, that and the other department. There are 156 of these publicity, press and liaison officers, and I do not know how many there are altogether. That was never intended when the board was created. Then they get up Gallup polls to show what the state of public opinion is on various matters that come before the country. I believe that the information board has left undone what it should have done. When the

United States was losing ships through U-boat attack in the north Atlantic a great American general, Eisenhower, wrote to the head of Eire, de Valera, a strong letter telling what was happening to American ships and how the sinkings and the deaths of sailors were aiding the axis powers, and speaking of the policy with respect to southern Ireland. Why did we not do the same thing, and why did our information board not do the same thing? Why did our information bureau not give the people of Canada the facts? We should have done it ourselves. This United States general wrote that an explanation should be demanded from southern Ireland as to why United States ships were being sunk for lack of bases in southern Ireland.

The information bureau should have said something about the strikes that are going on in war time. They put advertisements in United States magazines, monthlies and newspapers. Here is a recent editorial from *Life*. It is a criticism along the lines of what we were told by the hon. member for Greenwood and by the Prime Minister of Australia the other day, and by others, that we are losing the battle in the war on the home front. This editorial in *Life* says:

> The home front, speaking generally, seems to have no comprehension of the historic role that it is being called upon to play. Hence, instead of pulling together it is breaking apart. Thus in the last several months every major effort to stream-line the home front for war has failed. The farm bloc has scrambled a subsidy programme for keeping down the cost of living. In three of the most vital industries—coal, railroads and steel—labour has defied the government and driven wages upward. Efforts to tax the swollen war incomes that the nation is enjoying have wholly failed.

I believe in having a proper information bureau which will tell the people the facts, whether they are good, bad or indifferent. No matter how bad they are, and how bad the news is, the public should be informed. The policy of the government in expanding this service all over the United States, sending out a small expeditionary force of publicists, and gathering in all these correspondents, is not worth a snap of the fingers as regards helping the war along or educating America. Our brave soldiers, sailors and airmen will do Canada more good with the achievements which stand to their credit than all this expenditure of money upon advertisements in United States newspapers, and things of that kind. If we want to promote this sort of education let us do it in the British empire, because charity begins at home, and dear knows you have something to speak about in the glorious record which this empire has made in the war. Britain held the gate of the continent until our troops came to the aid of the motherland.

I hope there will be some retrenchment in this expenditure. Personally I would not continue it any longer, in view of the invasion now in progress. From the time of Lord North, nearly two hundred years, Britain has tried this kind of appeasement policy of spending money to educate America and the world at large, and it cannot be done. The glorious record of our soldiers in this war, the great achievements of the United States army and navy, and the comradeship which this war has brought about between the forces of the United States, Canada and the mother country, will be of more lasting value than all the spending of money on newspaper advertising and other such material aids.

Mr. POULIOT: I desire to ask the parliamentary assistant to the President of the Privy Council to give details of the expenditure of moneys under this vote.

Mr. CLAXTON: The break-down of the vote can be given very readily if the committee desires it. Salaries, $329,457; cost-of-living bonus, $15,000; unemployment insurance, $1,250; travelling, $65,000; motion pictures, $10,000; radio, $50,000; photos and mats, $100,000; pamphlets, $185,000; posters nothing this year, that having been transferred to the film board; printing and stationery, $40,000; public speaking, $15,000; Canadian Council on Education for Citizenship, $10,000; overseas publicity, nothing this year; visitors, $20,000; displays, $25,000; united nations information service, $15,000; miscellaneous, $115,000; total, $995,707.

Mr. POULIOT: I thank the hon. gentleman. Now I will ask him to give us the cost of each publication.

Mr. CLAXTON: The wartime information board has not accounting officers of its own. Its books are kept by the treasury officials. They are kept under the categories which I have just mentioned, and it is not possible for me to give the hon. member for Témiscouata a break-down of the cost of each publication. There is a considerable number of publications. Almost everyone, as the hon. member will appreciate, working on the preparation of a publication is also engaged in working on something else. Only a part of his time is given to the editorial work in connection with the preparation of a publication. A great many publications are produced in the office itself in mimeographed form, so that it is difficult to allocate the proportion of the costs of stencils and mimeographing that is appropriate for each item. Those which are not produced in the office itself are produced largely in the office of the king's printer; we

get costs from them ultimately and they can be allocated. If my hon. friend would indicate any particular items or publications in respect of which he would like to have the costs brought down I would be very glad indeed to get him the information.

Mr. POULIOT: Would the parliamentary assistant kindly give the list of all the publications that are not mimeographed and that are not published by the king's printer? I assume that some of them are published by other printers, and it is easy to ascertain the cost of each one. Would he also give a list of all those included in the $329,000 item; the names, the salaries and the travelling expenses of each one, and also their occupations? It may not be possible for him to give it to-night, and I would be satisfied if it were done at the earliest possible opportunity. It is a matter of great interest and should be published the same as some returns were published. I remember that some returns asked for by the hon. member for Broadview were printed and distributed to all members of parliament and to members of the press gallery, and it is important for us to know who is receiving money under this item, how much each one receives, and what is being done by each one. This is a formidable amount of money for publicity.

Mr. MacNICOL: You would not think there was a war on.

Mr. POULIOT: There are other ways to publicize the deeds of our heroes and have them publicized beyond Canada. One has only not be be fearful, to be above criticism, to be sure of his facts and to lose no opportunity to bring before the world the importance of the Canadian war effort. Sometimes the method which is used may be regarded as unorthodox, but if the results are good there will be nothing to complain about.

For instance, during a broadcast from London Mr. Churchill mentioned the achievements of other countries, but without mentioning Canada. The matter was brought before the house by the hon. member for Temiscouata who received some letters that were written in an unfriendly spirit by people who live in this country and who have not the right to call themselves Canadians, while on the other hand he received from Great Britain letters that would put those people to shame. To show you, Mr. Chairman, what could be done to publicize the war effort of Canada without any cost to this country, I will read two letters that I have received, one from Montreal and one from Birmingham, England. The one from Montreal is as follows:

6400 Prince Arthur St. West,
Montreal,
April 1, 1944.

Hon. Mr. J. F. Pouliot (L. Témiscouata),
House of Commons, Ottawa.

Dear Sir: I have read with surprise an article published in to-day's *Gazette* under the caption "Pouliot Claims Canada Slighted by Churchill" and having reference to Mr. Churchill's broadcast of last Sunday.

Now sir, for you to assume that Mr. Churchill slighted Canada you are taking a lot on yourself and I suggest that his words and snub to those who have nothing better to do at a time like the present, than to belittle the government or to embarrass them in their mighty task, might with equal meaning and truth apply to you. Mr. Churchill happened to be speaking about the Japanese area in particular and the deliverance of Australia by American, Australian and New Zealand troops in particular reference to the Pacific area.

Why is it that you and people like you are always wanting to be "patted on the back"? I am quite sure that Mr. Churchill never for one moment had the slightest intention of doing what you accuse him of—

I did not accuse Mr. Churchill at all.

—for he has repeatedly spoken of and expressed his admiration for the part Canada has and is playing in the war effort, by men, money and materials. Surely it is not necessary that he should repeat this on every broadcast he makes. Mr. Churchill is far too wise, too big and too generous a man to do anything in the way of slighting any of the allied nations, and I submit, sir, that you are "all wet" in thinking and speaking otherwise. I hope you will think twice before you again make such regrettable speeches about one who has been simply marvellous in carrying the supreme load in this war. He deserves the wholehearted support and thanks of every right-thinking person in the allied cause. Such remarks as those attributed to you, sir, are grossly unfair and uncalled for, and by such you certainly are not helping the cause of Canada in an "all-out war effort."

I submit that where the censor is really necessary at times is within the house, when speeches like that reported as coming from you are made.

Yours truly,
Hubert G. Harris.

This is a man who has not the Canadian spirit. Now I will read a letter received from Birmingham from a true Englishman, one who represents the feeling of the British nation and who is different from this Mr. Harris:

2/212 Heneage St.,
Ashted,
Birmingham,
England.

Mr. Pouliot.

Dear Sir: Please do not think me presumptuous. But do you know that I said to my wife when listening to Mr. Churchill's talk—

And mark you, sir, this comes from Birmingham, England.

REVISED EDITION

—that I should have thought so great a man would never have forgotten so splendid and courageous an ally as the good old Canadians. Personally I served with some of the gallant C.F.A. in the last war. So you can understand that I felt rather hurt they not being even mentioned. Still perhaps we must believe that in his case he just overlooked them. It does seem strange that I should see your remarks in one of our local newspapers, namely, the Birmingham *Evening Dispatch* of April 1, 1944, under the heading of "Little Dispatches." Now, dear sir, I do hope this little bit of news will find you quite well and if it is not asking of you too much, to ask you to give my every good wish to Canada. God bless the boys.

Yours very sincerely,
Sidney H. Clark,
late of the Royal Scots.

This is a letter I prize very much. It is a letter which is written not by a bloke but by a true Englishman. It did not cost the country anything. I do not pretend I see behind what was said of Canada at Westminster, but on the other hand every little bit helps, and it is the duty of members of parliament to lose no opportunity to show to the whole world what our country is doing for them. This is one item that has cost nothing. There is no bill for it.

But there is something else. The wartime information board is losing track of fundamentals and in preaching unity it creates disunity. I will explain that to you, sir, and you will understand me very well. In the first place, there is a mentality that has been created by the wartime information board to the effect that if we have no conscription it is to maintain national unity, because Quebec would resent it. On the other hand, no opportunity is lost to repeat over the radio and to publish in writing what the Minister of Labour has said in reply to me in the house, that the duty of every able-bodied Canadian of military age is to join the forces, leaving aside the idea and the suggestion of the essentiality of war industry in this country. I complain bitterly that the wartime information board has not taught the English-speaking provinces outside Quebec that what is accomplished by all men in essential industry is just as vital to the war effort as what is being done by the soldiers, and that without their assistance the soldier could not go anywhere. Was that ever published by the wartime information board? Never. It was the duty of that board to tell the Canadian people what they had to think in order to have a common thought regarding the war. Instead of that, inspiration has come from jingoes and junkers who showed no charity toward the province of Quebec but left the English-speaking people of Canada under the false impression that the people of Quebec were not doing their duty.

That was a great mistake on the part of the wartime information board and I cannot conceive that all the gentlemen who are working there, 393 besides stenographers, did not understand it. The question is obvious. It is that if we accept the views of those jingoes and junkers the ideal Canadian soldier will be one who will walk on the land without clothes, without shoes, without arms, without ammunition, walk to the shore, swim across the ocean, pick up some stones in Ireland and fight the Germans with them. That is the ideal soldier in the minds of the jingoes and junkers.

The wartime information board has been remiss in its duty in telling the Canadian people about the importance of the work of the farmer, the fisherman and the man who is engaged in railroad occupations, the importance of all those who manufacture arms and ammunition and those who build boats. All those men deserve well from their country. In the view of the jingoes and junkers the only man who serves his country well is the man who volunteers. I have no objection at all to praising the soldiers and giving them their due. They are good men. Canadians are such good soldiers that they are considered the best of all, and as Lord Mottistone said four years ago, they are now the spearhead of the army; not only was that so in Italy but it is so in France to-day. The Canadians, after having liberated His Holiness the Pope will deliver France from the enemy. But if they did not have behind them the man who is engaged in an essential occupation, and if those who have accomplished so much in essential occupations were not paid by the Canadian citizens who do not work actually in an essential industry but accomplish the important task of being taxpayers, where would the Canadian army be now? That has to be said. The Canadian people, especially the English-speaking Canadians have to be told that, and who could tell them that better than the wartime information board? In the first place those who are on the board must understand it and, after having understood it, they should inform the people about it.

I complain of something else besides that. This is not a censorship board. The duty of the wartime information board is precisely to inform the Canadian people. How is it that the liaison officers of that board have infested the press gallery to prevent—my hon. friend is jumping in his seat. I will refer him to one who has been named by the hon. member for St. Paul's already. They were there to tell the newspaper men that it was their duty not to publish reports of what had been said in parliament, what the people of Canada had

a right to know; and that has been done. They have sinned not only by omission but by commission. That was done.

In my view, sir, the best thing to do with this item is to reduce it to one dollar and give it to the poor, and then give some freedom to the press. If the reports of the Canadian Press and the British United Press were published integrally by the Canadian newspapers they would be well informed. If the reports that are written by the journalists to their papers for the information of the readers were published integrally we would not need the wartime information board. I have nothing against those people. They mean well; and I will not say that the accomplishment of the board was to try to work out some kind of political propaganda. I will not go as far as that, but I will say that they have contributed more than any other body to destroy Canadian feeling in the hearts of Canadian people; they have contributed more than any other body to cause national disunity in Canada, to represent the province of Quebec in false colours; and they never had the courage to tell the Canadian people the truth about the nobility and the essentiality of the work of the farmers, railwaymen, fishermen, the man who makes ammunition, arms and so on. That has never been done. Is it too late? I do not know. It is never too late to do good. I may be told that I am not a good Canadian because I express my views sincerely in this chamber. But, sir, at election time the farmers will be praised on every husting. Why is it not done now from the broadcasting studios of the Canadian Broadcasting Corporation and the wartime information board? How is it that railwaymen are now considered as doing work that is not essential? They are told to join the army, even though they have had long railroad experience. They are told that by the wartime information board. That is to inform the Canadian people wrongly. That is what happens. We are coming to fundamentals. There are fundamentals that no one has the right to ignore, least of all the wartime information board. How long will it take to teach them fundamentals, to teach them the A.B.C.'s of national unity in Canada? After having led people in error, perhaps not always directly, but through insinuation, insinuation in which the province of Quebec was always the sufferer, why does the wartime information board not tell the Canadian people that the province of Quebec was high up in the victory loan—in the victory loans, I should say—that the objective was attained there, to use Major Triquet's expression, sooner than anywhere else; that the French-Canadians of Quebec as well as their English-speaking fellow citizens are doing very well for the war effort. I could say the same thing of all those who belong to other races and who live in the province of Quebec. They are doing very well. Is it necessary for us to repeat it? I should not have to say that. It should have been said a long time ago by the wartime information board. It should not only have been said in this chamber but have been broadcast from ocean to ocean, so that no Canadian citizen, no Canadian woman, no Canadian child should ignore what has been done in the war by every part of this country.

Now, sir, that being said, I do not despair. I have said some truths, and I regret that the wartime information board until now has not come up to the standard we expected. It may improve; I hope it will, because there is plenty of room for progress.

My concluding words would be these. There is only one way to follow; that is the straight way. The duty of each board, whatever it is, under whatever minister, should not be to try to please or to displease; it should be to do what is right. What is essential in this country is national unity, but we shall attain it only if the same things are said to all parts of Canada. I am opposed to special programmes for the English-speaking provinces and other special programmes for the province of Quebec or over the French network. All French and English-speaking people, all Jews and all others in Canada should be told the same thing. They should be told the truth about each other. When that is done we shall have national unity in Canada, and we shall realize that even though there may be a handful of intriguers, in this country the mass of the people, whether English or French, are the very best.

Mr. CLAXTON: I think I should say something in reply to the hon. member for Broadview and the hon. member for Temiscouata. The fact that they agree on a point does not mean necessarily that the point is either right or wrong, though I must say it is helpful in coming to a conclusion.

The hon. member for Temiscouata made a number of remarks with which I think I should deal factually. He asked, why the wartime information board did not say that Quebec had done well in the war loan. The wartime information board does not give news to the public at first hand; that is done by the press of Canada. It is not part of the work of the wartime information board to take over any of the work of the press, and the publicity for the national war loans is in the hands of the national war finance committee. While the

wartime information board is glad to assist with secondary information, and to assist in seeing that information is given to the public, it does not issue the information about war loans in the first place. However, I think it will be found that the publications of the wartime information board in regard to the standing and contribution of Canadians to the war loans have done adequate justice to all parts of Canada including Quebec.

The hon. member spoke about the freedom of the press, and said how desirable it was that the press of Canada should be free. I think I can say in this house that the press of Canada is freer than the press of any other country in the world to-day. Never has the wartime information board either infested the press gallery, as suggested by my hon. friend, or done anything else in connection with the press except to help it in ways that the press desired. That is the function of the board.

Then the hon. member said that we had 396 employees, not to speak of the stenographers. I do not know where he got the figure, but the number of employees of the wartime nformation board is 157, including all the stenographers, office boys and everyone else.

The hon. member said that it was the duty of the board to assist in the education of the Canadian people and to tell them what to think. I deny, Mr. Chairman, that this is the duty of the board, or any other board, in a democratic country. Our people do not want to be told what to think. On the other hand it is the duty of the board to help the press and all other agencies that disseminate information throughout the country to give the people all the facts and all the information on which they can make up their own minds. That and nothing else is the function of the board. We have not done anything else; no one can say that we have done anything else; no one has brought forward a single fact or a single act that would support any such statement. The board is here to serve the people of Canada; it has no other duty. It serves them by giving them, principally through the agencies that deal directly with the public, all the facts and information on which people can make up their minds on the complicated questions as to which people have to make up their minds to-day. They are not easy questions, as we in this house know very well. It is our job in this house, as it is the job of the press, of the radio and, to some slight extent, of the wartime information board, to facilitate that process, but that is all the board can do. Let no one say that it is our job to tell the people what to think, because then we shall have lost this war.

[Mr. Claxton.]

Then the hon. member said that we had done nothing to make it clear that the jobs of the people back home, of the men working on the farms, of the men working in the factories, were just as vital as the job of the men fighting on the beacheads in France to-day. I deny that the job we are doing here in this parliament or in our factories or on our farms is just as vital as the job being done by those men who are offering their lives in France for our freedom to-day. I deny that. However, I do say that if you want a comprehensive picture of what the whole Canadian people are doing, either in the armed forces or on the farms or in the factories, look at "Canada at War" for March, or the French issue, "Le Canada en Guerre", and turn to pages 40 to 78. There you will find a picture of Canada at war at home. Pages 1 to 40 are devoted to Canada at war in the fighting services. If that is not a fair division of space in the sense desired by the hon. member for Témiscouata, I should like to know what is. If it errs on any side it does so in giving overemphasis to the fighting at home, but there are particular reasons for that. Statistically it requires more pages to picture the war at home and to break it down into significant figures.

Then the hon. member said that he wanted the names, occupations and salaries of the staff working for the wartime information board. Well, Mr. Chairman, I could take up the time of this committee by giving that information, if it were required; I have it here. There is no secret about it; it is available to any hon. member who wants to come and see it. However, all these details were given in a return brought down in the house on February 24. The information was complete up to that date, and I could go on from there and enlarge on it if the committee desired me to do so. I do not think hon. members would want me to take the time to do that, however; but if the hon. member for Témiscouata desires the facts and figures, he can get them either now or at any subsequent time.

The hon. gentleman also asked for particulars of any publications not placed through the king's printer. On inquiry I find that no publications are printed except through orders placed with the king's printer. In the case of a publication like this, "Canada at War", the king's printer obviously has to go outside the establishment on Sussex street because he has not a rotogravure press, but he lets that work in accordance with the ordinary practice, over which we have no control whatever. All the printed publications of the wartime information board are placed through the king's printer or printed by the king's printer.

I thought the hon. member for Broadview made some rather helpful remarks. He suggested that we had not been doing a good enough job in informing the people of the United States as to Canada's war effort. The hon. member pointed out that we were failing in certain respects

Almost all the comments ever made with respect to the operations of the board can be categorized under two headings, either that we are not doing enough, or that we are engaging in political propaganda If one were to try to pick out the number of illustrations where any member has said that anything has been done wrong, he could number them on the fingers of one hand. He would not find more than five. The comment falls into one of two categories, either that we have not been doing enough, or that we are doing too much by way of teaching political propaganda.

In respect of not doing anything, I think all parties in the house at one time or another have expressed themselves to the effect that Canada should do more to make her war effort known, not only to the people of Canada but to the people of the United States, Great Britain, and those of other allied nations. All parties have said that, and the board has tried to carry out that idea. Within its resources I say it has done so, admirably. The hon. member for Broadview suggested that to-night.

If I might refer back to what happened in a previous session, I would direct the attention of the committee to a question asked by the hon. member for Parkdale on November 4, 1941. That question, as reported at page 4059 of *Hansard* of that year was as follows:

> In view of the importance of having Canada's war effort more widely known in the United States than it is at present, will the Prime Minister tell the house whether it is the government's intention at an early date to establish a Canadian bureau of information in New York?

Then, in the debate last year the hon. member for Lake Centre said that "there is still room for greater endeavours in the furnishing of information to the United States."

We have endeavoured to carry out this injunction, and have had a great deal of support from the press and people of Canada, of the United States and of Great Britain. At this point may I pay tribute to the number of Americans who have voluntarily given their time and services, completely free, by way of radio programmes, moving pictures and personal appearances to help make the cause of Canada better known not only in the United States but in Canada.

Our wartime information board is attacked on another count, namely, that of being an instrument of government propaganda. That is the kind of charge made by every opposition in every democratic parliament—and I suppose it is quite natural that it should be made.

But in this instance no one has brought forward a single word, a single note or a single line of justification for the charge. They have been generalities—the kind of generalities which get headlines in the favourable press.

I should like to be perfectly frank with the committee. The facts and figures in connection with the operation of the wartime information board are open to any member. Any member who has gone to the general manager, Mr. A. D. Dunton, who has succeeded Mr. Grierson, has got any information he wanted. He can get anything he likes. The facts and figures are available to him, and to anyone else in a position of authority similar to that held by hon. members.

Men have come from the press to the office in Washington, the office in New York or the office in Ottawa. They have looked into the operations of the board and have ended up by saying, "How can we help? This is an important job." That is the kind of attitude I hope hon. members will take with regard to this activity. There has been no evidence or no statement to bear out the suggestion that there has been anything in the nature of political propaganda issued from the office of the wartime information board, from beginning to end. It issues hundreds of pages of material. It also makes arrangements with radio programmes, with editors and with writers. Hon members will have noticed a steady increase in the attention given to Canada in United States and British publications during the last two years. There has been a steady increase. I do not suggest that any one of those editors has been influenced in any sense by the wartime information board. That would be quite improper. On the other hand I do suggest that those editors would not have had the material upon which they have based their articles, unless the wartime information board had helped them in a perfectly proper way.

Then, with regard to this charge of issuing propaganda may I call attention to the fact that the wartime information board is, in fact, a board. It is under the chairmanship of Mr. N. A. M. MacKenzie, president of the university of New Brunswick, who has now accepted a post as president of the university of British Columbia. The board consists chiefly of senior civil servants representing agencies which might be interested. That board would no more be a party to political propaganda than hon. members, who know

the members of the board, would expect them to be. What their political affiliations are, nobody knows, so far as I am aware.

If one goes into the membership of the staff of the wartime information board he finds among the 147 members a number of experienced newspaper people and people of experience in other affairs. They are going to leave their occupations, as soon as the board ceases its work at the end of the war, and they are not going to jeopardize their future reputations by serving any political party.

So that I submit there is not a word of evidence to support that contention. I believe everyone admits the work of the board has been useful. Most people say that its operations should be extended. If there are any errors or omissions, we shall be very glad to correct them. But, above everything else, we would like to have the helpful cooperation of all members of the house and the people of Canada at large in the carrying out of this useful work.

Mr. NOSEWORTHY: I had hoped that the parliamentary assistant would give a somewhat more complete account of what the board is doing to inform the people of Canada at home and in the armed forces, and the people of other countries, including those of the United States, regarding Canada's war effort. I believe that a statement of that kind, setting before the committee something in greater detail of what is being done by the board, would be a valuable piece of information, not only for the board itself but for members of the committee.

I have no reason to believe that there is any considerable body of criticism from any part of the press on the ground that the board is usurping the place of the press in Canada. I have never heard that criticism expressed to any extent. In many parts of the country, however, I have heard commendations from small-town editors when they have spoken of the assistance the board has given them in providing information which was not readily accessible in any other way, and which they could pass on to their readers.

If the facts are as set out by the hon. member for Broadview, so far as a lack of knowledge of Canada's war effort on the part of our neighbours to the south is concerned, then I would suggest that his statement offers the best possible argument hon. members could find in favour of an extension of the type of work the board is doing. The work of the board is of such a nature that, I think we must all agree, it is difficult to assess its value in dollars and cents. The work of the board is like all educational work in that its value cannot be measured in terms of money. No one will question the need of keeping the Canadian people well informed. I am sure that none of us feels that there is the slightest danger of our people becoming too well informed because of the work the board is doing.

I would suggest to the parliamentary assistant, who spoke a moment ago of the members and staff of the board going back to their former jobs when the war is over, that there is a very great need for work such as this board can do in Canada after the war is over. There is a dire need of some organization that will interpret one part of Canada to other parts of Canada, or each part to other parts. Canada is a vast country and we have many different points of view and many different interests. There is just as great a lack of knowledge on the part of Canadians in one section of the country regarding Canadians living in other sections, as there is on the part of United States citizens about Canada as a whole. I would suggest that the board consider the possibility of undertaking the task of interpreting Canadians in each part of Canada to Canadians in other parts.

I suggested a year ago that there is in this country the need of certain books that can be used in the schools of the country, books that will interpret to the students attending school in the English-speaking provinces the life of the people of Quebec, and books that can be used in the schools of Quebec to interpret to the school children there the ways of life of the people in other provinces. I am satisfied that it would do much to cement the unity of Canada, of which the hon. member for Témiscouata has been speaking so much, and I know of no better organization to do that work when the war ends than some such organization as the wartime information board. Any contribution which the board is making either to inform our own people here, or to inform Canadian boys and girls in the armed forces about Canada's effort in this war, about conditions in Canada at the present time, about what is happening in Canada, is all to the good. Anything that I have heard from those in the forces or from those overseas is that they get all too little information about Canada, that the more information this board can give Canadians in the armed forces about what is happening in Canada to-day, the better.

Certainly no one will doubt the necessity and the value of informing our neighbours to the south about Canada. Such work cannot be valued in monetary terms. It will be of immeasurable value not only during the war

but when the war is over. It will help to create a much better understanding between this country, the United States and other countries. Even though we have to achieve that at the price of giving the Liberal government credit for some of the things which it is doing, nevertheless, I think it is well worth doing. I do not see how in time of war you can tell the Canadian people or inform other people of what Canada is doing without at the same time giving credit to the government which has the responsibility for carrying on the war effort. I do not see how that can be avoided. I do think the government is obviously getting a good deal of advertising through the wartime informaton board, but I can see no way in which that can be avoided unless you are going to keep our people uninformed, and I do not think we should undertake to keep our people uninformed just because by informing them we are at the same time giving credit to a government.

I believe that without going into the field of political propaganda, particularly in keeping the boys in the armed forces informed about what is happening in Canada, the board could very well give information regarding what is being done by other parties as well as what is being done by the Liberal party. I do not think it is necessary to go into the field of active political propaganda, but if you are going to inform particularly the boys in the armed forces, I am sure that they are just as anxious to know what the Progressive Conservatives, the C.C.F. and other political parties in which they are interested are doing as they are to know what the government is doing.

Certainly I have no hesitation in supporting this estimate, even though it is increased largely over last year. From any knowledge that I have of the wartime information board, I would say that they are doing valuable work in the field of education both in Canada and in other countries.

Mr. KNOWLES: The parliamentary assistant came very close, when he was speaking a few moments ago, to discussing the matter which I touched on just before six o'clock, and which the hon. member for York South has touched on just now, but he really did not deal with the question. The parliamentary assistant made the statement that while there had been criticism of the wartime information board on the ground that it was putting out propaganda for the government, no one had given any definite evidence in support of that statement. As the parliamentary assistant knows, I am not one who made such a statement as that. In fact, I clearly dissociated myself from the indoor sport of criticizing the board. However, I would remind him that I pointed out, as my colleague from York South has done just now, that boards such as this from the very nature of things find themselves putting out material, even though it is plain, ordinary factual material, which cannot help but redound to the credit of the party that happens to be in power.

Mr. CLAXTON: In so far as their record is good.

Mr. KNOWLES: If the hon. member will wait for a moment, I refer him to the series of mimeographed documents from the board which are coming to our desks right now dealing with post-war planning. As I said this afternoon, they are good. Every time one comes to my desk I send to the board for several additional copies because I know people who would like them. But I would remind the parliamentary assistant that with respect, for example, to post-war plans, all the plans the board has collected, though admittedly those of the government of the day, are the plans of one party, and I suggest that in giving out that information alone, the wartime information board is not fully informing the public as to what is going on in this country with respect to post-war planning. Not only the government but my hon. friends to the right, we in our group, and our hon. friends to the left are working out plans of a general nature with respect to the post-war period, and plans for the demobilization and rehabilitation of the members of the forces. It seems to me that, just from the point of view of giving informative material, the wartime information board should be collecting and making available this other information as well. I know that when I discussed the matter this afternoon it somehow got under the skin of the hon. member for York-Sunbury. To him it seemed like asking the wartime information board to use public money to put out political propaganda. Well, when one speaks of "political propaganda" in that tone of voice I agree with him, and the Prime Minister, and the parliamentary assistant, in saying that public money should not be used for that purpose; let there be no mistake about that. But there is all the difference in the world between political propaganda of the kind which is put out in an attempt to run down some other party and nothing more, and the straightforward presentation by responsible political parties of their platforms and of the things for which they stand.

Speaking again under the two headings, material for our people here at home, and material for the armed forces, I feel that the wartime information board is not doing its

full job unless it collects for both groups the material of the various political parties who are trying to make their contribution to the advancement of Canadian life at this time. The parliamentary assistant, or the Prime Minister, who spoke on this matter for a moment or two about six o'clock, can point out that there is nothing political in what the board is putting out, that all the wartime information board is giving is a straight statement of facts as to what the government is doing. That is true, but from the very nature of the case it appears to redound to the credit of one party. I am not worried about that. So far as our group is concerned, as hon. members know, we spend a great deal of effort and energy and as much money as we can collect in putting out our own literature. I am not concerned about ourselves, but I am concerned about the wartime information board doing a proper job with public money and getting full and complete information to our people in this country and the members of the armed forces.

Despite what the parliamentary assistant has already said on this particular question tonight, I hope he will reconsider it. I hope he will believe me when I tell him that there is a difference between partisan political propaganda such as the hon. member for York-Sunbury denounced, and a straightforward presentation of political programmes such as I am asking for. I hope that when this debate is over, members of the board, the non-partisan gentlemen whom he has described, in their next meeting will give this matter consideration and see whether there is not room in these mimeographed documents, in "Canadian Affairs", and in "Canada Digest", on the basis of supplying straight factual material, to give something of what other political parties are doing at the present time in their efforts, along with the Liberal party, which happens to be the government of the day, to make a contribution to the advancement of Canadian life.

Mr. DORION: I hold in my hand a publication called "Labour Facts". What is the circulation of this publication, and to whom is it distributed?

Mr. CLAXTON: That was dealt with at some length before the dinner recess. The publication is largely intended for distribution to editors of labour journals, to trades union officials, and to industrial leaders. It was originated in consequence of repeated requests that information of this kind be collected together in this kind of sheet, and it goes to that limited circulation for their purposes. So far the response, as I indicated to the committee before the dinner recess, has been extraordinarily favourable. I read to the committee a letter from Mr. A. R. Mosher, President of the Canadian Congress of Labour. I could have also read letters from the trades and labour congress officials, from members of the Canadian Manufacturers' Association, the Catholic syndicates, and other organizations, all expressing the utmost approval of this publication. I have a large file here, and if the committee want it I can take time to read it to them.

Mr. DORION: Who is the editor of this publication?

Mr. CLAXTON: The editor is Mr. Petegorsky.

Item agreed to.

Advisory committee on reconstruction, $25,435.

Mr. MacNICOL: This vote is so insignificant in comparison with the item which has just been carried that I should like a lot of further information. I said nothing on the previous vote because I had not anything particular to say. I felt that the wartime information board had done under the circumstances a pretty fair job. Perhaps it could be better; perhaps it could be worse. But comparing the two votes, I cannot see why this one is so very small. We are going to win the war; I have not any doubt about that; but we have also to win the peace. This vote refers to a committee on reconstruction. It will not be able to do very much on $25,000. What is it doing? As far as I know there are four different committees concerned with this subject, or three in addition to the parliamentary committee. The parliamentary committee has had before it many capable delegations and witnesses, and the chairman has sent to the house a statement, in my judgment of very great value, of what can be done to win the peace through rehabilitation and reconstruction. But this vote does not apply to the parliamentary committee, for as far as I know that committee has incurred little expenses, unless perhaps in bringing the odd witness from out of town. What has this committee done? Has it made any plans, and, if so, how could it make them for $25,000? Plans for work call for the services of engineers and surveyors, men qualified to prepare them, and others who are competent to make specifications, blueprints and details. Has this body done anything like that? If not, what has it done? I have read, of course, newspaper speeches here and there, but they do not mean a thing unless the plans and specifications of the jobs and the programmes which are to be carried out are

prepared. Has this committee arranged for any such plans, specifications or programmes? If so, as far as I know they have not been tabled in the house.

One of the ministers said that plans and specifications were ready for programmes, while another minister said that plans and specifications for programmes are perhaps not necessary. I forget the exact words. Well, what has this committee prepared for post-war rehabilitation? The vote is a small one and I am not opposing it, but I want to know what the committee has been doing and what is ready. Few in this house have travelled in Canada more than I have in the last two or three years and I have not heard anywhere of anything being ready. If there is anything ready, why would every one of the provinces be setting up rehabilitation machinery of their own and going to a lot of expense. Ontario has set up a department and it is travelling around this country and the United States. What has this committee being doing? What has it really prepared, and what is actually ready which will give one man a job after the war?

Mr. CLAXTON: As hon. members know, the hon. member for Davenport has taken a keen interest in the work of rehabilitation and seeing that we are ready for the post-war situation. This vote is reduced from $47,250 last year to $25,435.08 this year. The difference is on account of the fact that the James advisory committee on reconstruction has concluded its work, been thanked by the government and passed out of existence. All its reports, including the reports of subcommittees, have been printed except the report of the subcommittee on housing, which should be printed in the next two weeks. The economic advisory committee to which this vote refers has since 1939 been advising the government on questions of economic policy. Since 1940 it has been advising the government on policies relative to reconstruction and full employment. That committee is still in existence and actively at work. It has a limited number of full-time people engaged by the committee itself on this work, but very largely it consists of senior civil servants and people drawn from other departments and paid by those other departments. That explains the fact that the vote is so small. A large proportion of the people working for the committee are paid by their permanent departments. I can give this committee the membership of the committee, but it is on the records available. The committee is advising the government on economic policy, particularly with reference to reconstruction.

The hon. member for Davenport asks, has it a single work ready? The answer is that that committee has not; that is not its function. That committee is advising the government on the kind of economic policies necessary to see that all the people of Canada, whether employed in industry or in farming or in the professions or other occupations, shall have the best possible opportunity of full employment after the war, and it is engaged in planning at that level. In addition, that committee has appointed a subcommittee and one or two officers who are endeavouring to coordinate all the planning of public works that is being carried on—and it is being carried on—by the government departments themselves on post-war works and projects, which is quite a different thing, though it is the kind of thing the hon. member for Davenport has particularly mentioned. These plans and projects for public works are being prepared and coordinated and the information with regard to them is being collected through that committee, so that the committee ties in to that work of planning post-war works and projects to be conducted by the federal government as part of its public works, although the committee is not charged with responsibility for carrying out these works itself. The works would be carried out by the departments concerned, such as the Department of Public Works, the Department of Fisheries, or the Department of Mines and Resources, or by some agency set up by them or by the provinces or by the municipalities, depending upon the arrangements to be worked out. The committee is endeavouring to collect and coordinate information on planning done in that field. I should answer my hon. friend in all frankness that the primary purpose of the committee is not to plan actual blueprints for any work but to advise the government on general policies with regard to reconstruction so as to bring about a maximum employment, maximum income and maximum security for the Canadian people.

Mr. MacNICOL: I hope I did not say anything that in any way reflected on what the committee has done. I was under the impression when the committee was set up that it was to make preparations for after-war rehabilitation, to win the peace as well as the war, which is being won by the military. I have searched diligently and carefully, and I have inquired just as diligently, to find out if there is anything ready. I have said, and I do not hesitate to say again, that I remember distinctly what happened at the end of the last war. If there were any committees at that time preparing anything, I do not know, but if there were committees following the

last war, the fact is that there was nothing but chaos in regard to employment. I should not blame the government of that day because they had no experience to guide them. But this government has. It has the experience of the disastrous situation that followed the last war, and I have hoped right along, since the government set up three or four different committees, that something definite will be done in advance. Among those committees is the parliamentary committee, which I know has done good work. It has no authority and I doubt very much whether attention has been paid to any recommendations made.

Mr. CLAXTON: Most of them have been carried out.

Mr. MacNICOL: The intention is to set up a department of reconstruction and I agree with that. I believe that much good will come of a competent body headed by someone who is thoroughly qualified. We should have an able head of the reconstruction department. If we have, I look forward to its doing a good job. I may infer that the information gathered by this advisory committee to which the parliamentary assistant has referred will be turned over to the department of reconstruction rather than to mines and resources, although mines and resources has an opportunity to do much good work also. I want to feel that every member is sincere and earnest in seeing to it that the men who come back from this war will not have to go through what the boys went through who came back from the last war—not in a country where there are millions of opportunities. All we need to do is to get men who are big enough, who are thoroughly qualified and who understand the problems involved and can make the necessary lay-out. The parliamentary assistant has said that this vote is small because the particular committee is being wound up. I suppose we can only hope that the information it has compiled will be put in the hands of someone who will see to it that a programme is prepared against the day when the war ends. I am one of those who believe that it will end sooner than a good many people think. I have that much confidence in those who are running the war on our side. It may collapse earlier than we anticipate. I hope it does because, the sooner it does, the sooner will our gallant men come back and have a chance to build up the country. I hope everything will be ready for them to set to work and earn a living for themselves.

Item agreed to.

Sundry services, $108,000.

Item agreed to.

The CHAIRMAN: Shall I report the resolution?

Mr. KNOWLES: Before you report the resolution and in order to keep the record clear, may I ask if there are not some items at the bottom of page 400 of *Hansard* that have not been called? There are items there totalling $30,539,460. I am subject to correction on this, but I do not recall those items having been called by the Chairman. They are in the nature of loans, but still they are included in the total of $3,650,000,000, which is the amount of the war appropriation resolution.

The CHAIRMAN: These items were taken up by the Department of Transport. My information is we have now gone through every item of the war appropriation resolution. Is it the pleasure of the committee that I should report the resolution?

Mr. POULIOT: Before the resolution is reported I want to put in a frame statements that were made just a minute ago by the parliamentary assistant to the President of the Privy Council. I took a note of it and I want to read it. This is what he said:

> I deny that the job that we are doing here in this parliament or in our factories or on our farms is just as vital as the job being done by those people who are offering their lives for our freedom to-day.

My contention is that the soldiers could not go anywhere if they had not the help of those who work in industry or on the farm. The hon. gentleman said that our people do not want to be told what to think, which is true. He said that the duty of the board is to give all the facts, which is also true; but I now know the source from which the board gets its inspiration. I put it on *Hansard* so that the Prime Minister may see it and realize the *faux pas* that his parliamentary assistant made to-night.

Resolutions reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce bill No. 132, for granting to His Majesty aid for national defence and security.

Motion agreed to and bill read the first time.

Mr. ILSLEY: Would the house give unanimous consent to second reading now?

Mr. STIRLING: I think it would be better to have it stand until the next sitting. It would be well for the members to have an opportunity of seeing the bill.

Mr. ILSLEY: It is in the same form as last year, exactly.

AERONAUTICS ACT

CIVIL AVIATION AND COMMERCIAL AIR SERVICES—AIR TRANSPORT BOARD

Hon. C. D. HOWE (Minister of Munitions and Supply) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Aeronautics Act to provide for the establishment of an air transport board to perform the functions of a licensing and regulatory body in respect of commercial air services and to advise the minister on matters connected therewith. Provision will be made by the said measure for the payment for services of the members of the board and the employment of necessary officers, clerks and employees.

Mr. STIRLING: Does the minister propose making a statement before going into committee or when we are in committee?

Mr. HOWE: I shall be glad to make a short statement on going into committee, but I think it would be more useful if I make my main statement when the hon. members have the bill before them.

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

Mr. HOWE: The bill before the committee amends the Aeronautics Act of 1922 in order to give effect to the government's announced policy on domestic civil aviation. The discussion on that subject a few weeks ago covered the government's intention in that regard, and this amendment to the Aeronautics Act puts into force the policy announced at that time.

The effect of the amendments is to form a board of three, a chairman and two members, who will administer the Aeronautics Act, take over the duties now being performed by the board of transport commissioners in regulating civil aviation as well as the duty of assigning air worthiness certificates and of licensing aviation enterprises within Canada. In addition, the board will function to advise the government as to ways and means of advancing civil aviation. The board will take the initiative in laying out routes, within Canada and overseas, which promise possibilities of profitable operation and will guide the government in seeing that these routes are operated by Canadians who are capable of carrying out such undertakings.

The judicial functions of the board are not new, but the functions of the board as advisers to the government on aviation policy are new, and will, I think, be helpful in bringing about the rapid development of civil aviation, both internal and external.

In general, the act follows the provisions of the Aeronautics Act of the United States. The functions of this board will be similar to the functions of the civil aeronautics authority of the United States. I think detailed discussion should await second reading of the bill, when we shall have the amendments in detail before us, and when a more complete discussion of the purpose of the bill and the means of effecting that purpose can be arranged. In the meantime I shall be glad to answer any questions on the subject matter of the resolution that hon. members may wish to ask.

Mr. GREEN: The Aeronautics Act was passed in 1919 and amended in 1922?

Mr. HOWE: Yes.

Mr. GREEN: And has not been touched since. In that act the Minister of National Defence is named as the minister in charge. I believe that when the transport board was set up it was given quite wide powers over air transportation in Canada, despite the terms of the Aeronautics Act. Will the minister explain whether now one minister is to administer the Aeronautics Act, or whether there are to be two, one dealing with civil aviation and the other with military aviation, because, as it now reads, this act would seem to cover both military planes and passenger and freight planes.

Mr. HOWE: The Department of Transport Act, 1936, transferred the control of civil aviation from the Minister of National Defence to the Minister of Transport, and since 1936 the Minister of Transport has been the minister named in the act. Military aviation is an entirely separate branch; it has its own airworthiness standards and its own regulations governing military operations.

Mr. GREEN: But it comes under the Aeronautics Act, does it not?

Mr. HOWE: No; it comes now under the regulations of the Department of National Defence for Air. Only civil planes come under the civil Aeronautics Act.

Mr. STIRLING: But the Aeronautics Act has not been amended yet; it must have been put in abeyance.

Mr. HOWE: The act has been amended several times since 1919, but I will speak only of the practice. I have been administering the act since 1936, and I can say that the Minister of Transport has no jurisdiction over military planes, which come entirely under the jurisdiction of the Minister of National Defence. In the amendments proposed, the minister means the Minister of Transport except for military matters, in which event the minister means the Minister of National Defence. Section 5 of the Department of Transport Act, 1936, reads:

The control and supervision of the civil aviation branch of the Department of National Defence is hereby transferred from the Minister of National Defence to the Minister of Transport, and the said branch is hereby transferred from the Department of National Defence to the Department of Transport.

Mr. GREEN: Then is the Minister of Transport to be the minister in charge under the Aeronautics Act as it is to be amended?

Mr. HOWE: A situation exists there which I have explained in the house once or twice already. When I was transferred from the ministry of transport to the ministry of munitions and supply, by arrangement with the then Minister of Transport and by direction of the Prime Minister, and by the exercise of the Transfer of Duties Act, the air services branch of the Department of Transport was transferred for administration to the Minister of Munitions and Supply. That was done because one of the important duties of the ministry of munitions and supply at that time was the building of airports. The air services branch of the Department of Transport had developed a highly skilled engineering personnel for the building of airports, and it was my feeling that the Department of Munitions and Supply should not be required to duplicate that personnel. It was and is the duty of the Minister of Munitions and Supply to construct the airports required by the armed services, and the practical way of bringing about an organization to do such work seemed to be to transfer the air services branch of the Department of Transport to the new ministry. Therefore the air services branch is administered at the present time by the Minister of Munitions and Supply.

Mr. GREEN: Who will be administering the new act?

Mr. HOWE: The Minister of Munitions and Supply, until the Transfer of Duties Act is again called upon to move it back to the department from which it came.

Mr. GREEN: Why is it necessary to go back to the Aeronautics Act and give the minister, who apparently now will be the Minister of Munitions and Supply, the very wide powers contained in that act? They are very much wider than the powers given to the transport board, as the minister knows. Why was it necessary to give such very wide powers as are contained in the Aeronautics Act?

Mr. HOWE: The powers contained in the Aeronautics Act are those required for the control of civil aviation. The Department of Transport only exercised certain regulatory functions, but the Aeronautics Act covers a great many matters that are not at present within the purview of the board of transport commissioners. That board is a judicial body, which simply interprets legislation, and does not initiate projects. It acts as a judicial body in connection with air matters.

Mr. GREEN: Are the powers under the Aeronautics Act to be reduced?

Mr. HOWE: No.

Mr. GREEN: The minister himself will have all the powers that are at present contained in the Aeronautics Act?

Mr. HOWE: Yes.

Mr. GREEN: Some of those powers are set out in section 3, which states:

It shall be the duty of the minister

(a) to supervise all matters connected with aeronautics;

(b) to study the development of aeronautics in Canada and in other countries, and to undertake such technical research as may be requisite for the development of aeronautics, and to cooperate with other institutions in carrying out such research;

(c) to construct and maintain all government aerodromes and air stations, including all plant, machinery and buildings necessary for their efficient equipment and upkeep;

(d) to control and manage all aircraft and equipment necessary for the conduct of any of His Majesty's services;—

That would be wide enough, of course, to include the post office or any other service.

(e) to operate such services as the governor in council may approve;

(f) to prescribe aerial routes;

(g) to cooperate with other officers of His Majesty, and to assist in the carrying out of any services under their jurisdiction which may require aerial work of any nature, and to collaborate with the officers employed in existing air services of His Majesty in such extension of their present work as the development of aeronautics may require;

(h) to take such action as may be necessary to secure, by international regulation or otherwise, the rights of His Majesty in respect of his government of Canada in international air routes;—

Then we come down to paragraph (k), which reads:

(k) to investigate, examine and report on all proposals for the institution of commercial air services within or partly within Canada or the limits of the territorial waters of Canada.

I understand that all these powers are to be given the minister?

Mr. HOWE: That is correct.

Mr. GREEN: Is it the intention to have Trans-Canada Air Lines operated by the government under this act? As I see it, Trans-Canada Air Lines can be operated by the minister direct; that is what it amounts to.

Mr. HOWE: Trans-Canada Air Lines has its own act. It operates under the Trans-Canada Air Lines Act. Its operations are subject to the regulations of the Aeronautics Act, just as the operations of any other service are subject to the Aeronautics Act.

Mr. HOMUTH: Which takes precedence?

Mr. HOWE: That is provided for by the amendment. The Trans-Canada Air Lines Act provides for management for the Trans-Canada Air Lines. It also provides the manner in which it shall be assigned routes, and the limits governing its operation. I assume that the minister, under the Aeronautics Act, will confine his attention to such matters as are not covered by the Trans-Canada Air Lines Act.

Mr. GREEN: Then the situation will be that the Trans-Canada Air Lines will no longer be operated by Canadian National Railways, but will come under and be operated directly by the government.

Mr. HOWE: No, not at all. The only difference will be that the directors of Trans-Canada Air Lines will not be directors of the Canadian National Railways. It will be operated by a board of directors, just as the Canadian National Railways is operated by a board of directors. But the two will not be operated by the same board of directors.

Mr. GREEN: Will the board of Trans-Canada Air Lines be civil servants?

Mr. HOWE: No.

Mr. GREEN: Or outsiders?

Mr. HOWE: Yes, outsiders.

Mr. GREEN: But they will be very directly under the minister?

Mr. HOWE: No more so than the board of directors of the Canadian National Railways.

Mr. GREEN: But if it is administered under this act it will be very directly under the minister. In effect, it makes the minister a dictator in respect of all the airways in Canada, does it not?

Mr. HOWE: Perhaps so; but who would you suggest should be dictator?

Mr. GREEN: I do not think there should be a dictator, myself.

Mr. CHURCH: This resolution is presented to the committee in a very awkward fashion. In the first place, the minister is to create a board just for the purpose of licensing and regulating. The present Minister of Munitions and Supply was formerly Minister of Transport. I very well remember when a board such as he now proposes to appoint in respect of commercial aviation in Canada was appointed to regulate railways. In the first place the Board of Railway Commissioners for Canada was set up. The organization is now known as the board of transport commissioners. At that time it was limited to railway rates. We have seen what it did with this country. That board did not regulate anything. It was a political board, and there was afterwards added to it control over express, telephone companies and all that kind of thing. It was given wide jurisdiction.

I have looked into the original Aeronautics Act the minister now proposes to amend. This parliament will run into all kinds of damage suits if it proceeds with this measure, because I believe the amendment proposed to the statute law, as now suggested by the Minister of Munitions and Supply, is ultra vires of this parliament, and is confiscatory since bonds were sold of one aviation company. I should like to find out what the Minister of Justice and Attorney General of Canada has had to say about this. Was he consulted in respect of this amendment? Or was this matter looked into by the lawyers for Trans-Canada Air Lines—the minister's own lawyers? Were they the legal people who drafted this resolution, which proposes an amendment?

I protest against the measure. We are now in the seventy-second day of the session. It is hopeless for the minister to think he can have an act of parliament passed through like this, one which upsets the whole policy of the country in regard to civil aviation. The proposal for civil aviation would involve millions of dollars, and it will interfere with the rights, the functions, the statutory privileges and property rights of two other large railway corporations. It is practically confiscatory. That is my opinion with respect to the proposed bill to set up the board.

Why does a minister of the crown need a board to advise him as to the way to arrange licences and regulations? Is a minister of the crown not responsible to parliament? Under our parliamentary system of government, is he not responsible to the country? Is he not responsible to the people for the very large expenditures which are to be made? This is a leap in the dark. This whole programme and policy of civil aviation proposed by the minister, and this regulatory board, do not commend themselves to the wisdom and judgment of the people of Canada.

We had a long debate on this matter only a month ago. Now we have before us a resolution, to be followed by a bill. I do not believe parliament has power to pass such legislation in its present form. If we do, we shall get

into all kinds of trouble, because we cannot have what we call freedom of the air under a regulatory body such as this. Here we have a minister of the crown asking parliament to pass a resolution on which a bill is to be founded setting up a regulatory board, which will also advise on licences, with powers which no minister of the crown can have, under our constitution.

Not only is this wrong, from the point of view of law, but it is bad public policy. This was never attempted before. A board is to be set up, and it is to have supervision over a minister of the crown in respect of the expenditure of money allocated to his department. It will have power over functions which he would have, under our constitution. We are taking a leap in the dark. It will lead to all kinds of trouble. Certainly it is not in the interests of civil aviation. I believe it will sound the death knell of civil aviation.

More than a year has passed since April 2, 1943, and in that time nothing has been done. To-day a report was withdrawn by the hon. member for St. Boniface, as chairman of the select committee on railways and shipping. They went into matters connected with Trans-Canada Air Lines and the policy herein of the minister. An inquiry was conducted, and questions were asked. I was surprised to note what was done this afternoon. We saw that the report of the committee was presented; as a matter of fact it was presented last Friday. There was reference made in that report to the policy contained in this resolution, namely, that of civil aviation. There was further reference to licensing, and all that kind of thing.

Then the chairman of the committee rose in his place this afternoon and, all of a sudden, withdrew his report. What was his reason for doing that? Because the report would have to be discussed before this resolution could come up. Under the rules of the house with respect to anticipation it could not be accepted, when this resolution was to be introduced, and when there was to be a discussion as to the setting up of a regulatory body with powers to issue licences, and all that kind of thing.

I must confess I cannot understand it, and I never saw that procedure before. The committee was to go over these expenditures of the Canadian National Railways, and affiliated bodies, including Trans-Canada Air Lines. It did that. Witnesses were examined, and there was a good deal of the hallelujah chorus in the committee about what a wonderful system they had. Yet when one of our own ministers wanted to go across to the continent we had to go to Washington and get a Liberator.

[Mr. Church.]

Civil aviation is only in its infancy in Canada. I have been before the board of railway commissioners many times in the past and also before the board of transport commissioners. I have appeared in connection with telephone rates, freight rates, passenger rates and express rates. They never regulate anything. The applicant always gets what he asks for, with interest. And this particular board will be nothing but a board of moonshine. It will appoint a lot of officers and servants and agents and other people—to do what?—to help strangle the movement. I hope the committee will stop, look and listen before the minister is permitted to make this step. I can say this: I really believe he is wrong. He is wrong in policy; he is wrong in principle; he is wrong in the law. It is going to mean confiscatory legislation with respect to a very fine transportation company which has borne the burden and heat of the day. As I said a month ago when this matter was up, I think it should be sent to a committee of the house where the minister's policy could be thoroughly considered and everybody concerned given a hearing.

Mr. ROSS (St. Paul's): The minister said a while ago that this was a similar situation to that prevailing in the United States. They are not the same at all. They are entirely different. In Canada we have a government-owned and operated air service, owned and controlled by the people of Canada. At the same time we have in Canada certain private aviation companies in operation. Now we propose to set up a board, which the minister says is to be a judicial board. Then he says it is to be advisory. Actually what is the board's position to be? It is to be that of player and referee at one and the same time, and we shall have the same difficulties that we had with radio. We all know how Canada has suffered from this dual position of a board being both player and referee in the operation of radio. This will bring about exactly the same situation. The fact of the matter is that this board cannot be judicial; it cannot be impartial.

Another thing, if the board of transport had too much to do, and this were simply a judicial board, it would perhaps be a good idea to have another board to look after aviation. But I do not know if they have too much to do. This is to be a different kind of board altogether. The minister says that it is to be just a judicial board. I think it will be found that it will get us into the same difficulties as we had with radio. However, we shall have to wait until we see what the bill proposes.

Mr. HOWE: If I might answer that point, we are doing in connection with aviation exactly what the private radio stations have been asking the government to do in connection wtih control of the air waves. The private stations object to the C.B.C. operating a chain of radio stations and at the same time controlling the private industry. I might point out that the board we are discussing to-night is not an operating board. Trans-Canada Air Lines has an operating board, but it has no regulative authority, and is itself subject to the regulations of the aeronautics board. This is exactly the situation which the private radio stations have been seeking in connection with the air waves.

I am getting attacked from various angles to-night. The hon. member for Vancouver South claims that the minister has too much authority, and the hon. member for Broadview suggests that the minister is divesting himself of his authority in favour of the board. I think this amendment involves no great change in governmental responsibility for the administration of aviation in Canada.

Mr. GRAYDON: I am afraid that there is.

Mr. HOWE: No change whatever.

Mr. KNOWLES: I agree with the statement which the minister made when this resolution first reached the committee stage, to the effect that we could discuss the subject much better when the bill is before us. I rose to ask him just one question, but now that I am on my feet it might not be out of place for me to come to his defence a little because he is being attacked by our hon. friends to my right and he does not seem to have many supporters to help him out.

Mr. HOMUTH: You both need a lot of them.

Mr. KNOWLES: The minister and I frequently disagree in matters of policy, and even with respect to this bill there are some criticisms which I expect to be making. But in the main I feel that the minister and the government are moving in the right direction when they seek to establish public control over so important a phase of our national life to-day as civil aviation.

Mr. REID: Now I am beginning to suspect the legislation.

Mr. KNOWLES: I hope that my support of the measure will not be responsible for its being defeated by the minister's own supporters. At any rate, I repeat that every step that is taken by any government to establish public control over a matter so important as aviation will have our unqualified support. A few minutes ago when this feature of the bill was being revealed, one hon. member to my right suggested that it would mean a government monopoly, and I think he even used the word "dictatorship." I resent that language being used as descriptive of public control. In this day and age there are many instances of concentration of power.

Mr. HOMUTH: And many concentration camps.

Mr. KNOWLES: The minister realizes, in introducing this bill, that in certain instances where there is a concentration of power there is only one thing to do, namely, to place that power in the hands of the people, and in the sense in which this bill proposes to do that with respect to civil aviation it has our support.

Mr. REID: If you lived in British Columbia you would not be so keen on public control.

Mr. KNOWLES: Does the hon. member not support this measure?

Mr. REID: I do not know yet; I am not sure. I have an open mind.

Mr. KNOWLES: There have not been many Liberal supporters of this measure, and that is why we come to the assistance of the minister.

Mr. HOMUTH: Actually I do not think he appreciates it.

Mr. KNOWLES: We shall be able to discuss the various points when the bill is before us, but I have one question. The minister stated earlier this evening that the board to be set up would in some respects be similar to the United States civil aeronautics board. He referred to the act under which that board functions when he spoke on this subject on March 17 of this year, and referred to the fact that the United States civil aeronautics act—I am looking at page 1573 of *Hansard*—provides that no common carrier (that is, surface carrier) shall own, manage, or operate any air carrier. He made that reference immediately after pointing out that it was the intention of the government to provide that the railways should divest themselves of ownership of airlines. May I ask him whether he can indicate at this time that this bill will give effect to that principle particularly with respect to the proposed divorce between the Canadian Pacific Railway Company and Canadian Pacific Air Lines?

Mr. HOWE: The bill provides that there shall be no common ownership of surface carriers and air carriers.

Mr. GREEN: In what way is the new board, the air transport board, subject to the minister? What is the tie between the minister and the air transport board?

Mr. HOWE: The minister is responsible for the administration of civil aviation in Canada. The board has certain judicial functions in its own right, and can decide certain judicial matters.

Mr. HOMUTH: Would their judicial functions be within the control of the minister, or separate from the minister?

Mr. HOWE: The judicial functions are directly under the control of the board, except that in certain cases there is an appeal to the minister. But the government is not attempting to divest itself of its responsibility for administering civil aviation. The government's experience, and my own, are wholly against an attempt of that sort. We had a perfect example of that in 1932, when the Conservative government of that day undertook to divest itself of responsibility for the administration of the Canadian National Railways. It set up a trusteeship of three men to administer the property, and by 1936, when the trusteeship was dissolved, it needed about one or two more years to make it a trusteeship in bankruptcy. The road was rapidly heading that way. The government at that time again assumed its responsibilities for the railway, and the—

Mr. HOMUTH: Was that not a condition of the times rather than a condition of the set-up?

Mr. HOWE: Perhaps each contributed.

Mr. HOMUTH: It is not a comparison.

Mr. HOWE: I could mention, if I were not getting fairly close to home, other examples where a government has tried to divest itself of responsibility, without success to the government or prosperity to the object.

Mr. HOMUTH: We might go near home on that, eh?

Mr. HOWE: Yes. So that we shall not discuss that. Nevertheless this government believes in government responsibility for government operations, and the amendments proposed to the act are not inconsistent with that belief.

Mr. GREEN: In other words, the air transport board is to be directly under the minister?

Mr. HOWE: Correct.

Mr. GREEN: The minister said that that, as I understand it, was not the position of the board of transport commissioners.

Mr. HOWE: That is correct, yes. The board of transport commissioners is a judicial body equivalent to a court, and its duty is to administer an act. That board has no function beyond the administration of the act —a wholly judicial function. This is a board which is both judicial and advisory.

Mr. GREEN: In other words, the board of transport commissioners had to decide whether an applicant for a licence should get the licence, on certain well-defined principles, which might be summed up as public convenience and necessity, and it had also to follow certain judicial principles in deciding what tolls would be charged.

Mr. HOWE: That is right.

Mr. GREEN: As I understand it, this new transport board will no longer be subject to those stipulations; it will no longer have to decide on the basis of public convenience and necessity whether or not a licence should be granted?

Mr. HOWE: The jurisdiction is set out in the bill. I think if my hon. friend will delay this discussion until he sees the bill he will find that his fears in that regard are unnecessary.

Mr. GREEN: But in effect now the minister is over and above that air transport board?

Mr. HOWE: Not in judicial matters.

Mr. GREEN: While he was not over and above the board of transport commissioners? Is that not so?

Mr. HOWE: I might point out that the board has two sets of functions. One is purely judicial; that is, when deciding matters of fact the board will be governed by the act; in that case the minister has no right to overrule them, except in the event of an appeal.

Mr. HOMUTH: If I may interrupt, that is what I wanted to ask the minister. After the board has ruled on a judicial matter, is there a right of appeal to the minister or to some other body?

Mr. HOWE: There is the right of appeal to the minister on certain matters, not all matters, but certain matters where there is an element of judgment as well as an element of judicial decision in interpreting the law. In certain limited matters there is provision for an appeal to the minister. Ordinarily, in

judicial matters the board is bound by the act and its decision is final. However, the board will also initiate air projects. The board of transport commissioners is not an initiating board. This board can initiate plans, and present them to the government for execution, and that, I anticipate, will be a very important part of the work of the board. That is the purpose in having a board whose interest is entirely that of aviation, and whose important task will be to develop for Canada a well thought out, well conceived system of aviation.

Mr. GREEN: Would it not be wise to maintain some board that did act in a judicial manner—

Mr. HOWE: This board does. I have explained that point several times.

Mr. GREEN: —and let perhaps some department of government do the advising and initiating, rather than try to make the board sit on both sides of the fence at once? It does not seem to me as though those two functions can be carried out by the one body. The minister may be able to solve that in some way or another. How does he propose to get around that difficulty?

Mr. STIRLING: Has not the board of transport now got those two functions?

Mr. GREEN: No. The board of transport commissioners has far more independence in deciding on applications than this air transport board will have.

Mr. HOWE: I will agree that the board of transport commissioners is an entirely independent body, but I point out that its duty is wholly negative. It initiates nothing. If an application comes before the board, it determines whether the application complies with the Transport Act, or whether it does not. If such application does comply with the act it is approved; if it does not it is rejected. I point out that this new board has judicial functions in a similar way.

Mr. GREEN: On the same principles as are set out in the Transport Act?

Mr. HOWE: The hon. member had better wait for the bill to determine that. The principles are set out in the bill. They are varied in some particulars. The new board also has the function of attempting to build as well as to regulate. Civil aviation in the United States, which is more highly developed than in any other country, has been developed by a board of this type, and, I believe, developed admirably. I think that by and large the air transport system of the United States is a very successful development, and that its civil aeronautics authority has contributed much toward that fortunate situation. I believe it is a model which Canada can very well follow.

Mr. GREEN: Of course, there the government does not operate the air lines, does it?

Mr. HOWE: Trans-Canada Air Lines is just another air line as far as the air transport board is concerned. There is no connection between the two, except that the air transport board has regulatory functions over Trans-Canada Air Lines.

Mr. MacNICOL: Over the C.P.R.?

Mr. HOWE: Over every air line and every plane that carries passengers.

Mr. GREEN: The Trans-Canada Air Lines will now be more directly under the board than before.

Mr. HOWE: Not at all.

Mr. ROSS (St. Paul's): It is not in the same position as the United States, and it is in the same position as radio in Canada to-day. The board has not at all the same functions as the board of transport commissioners. The board of transport commissioners have decisions to make as between the government-owned railways and the privately-owned railways and all the way through, as to whether the privately-owned railways should put a line in a certain place or whether it should be done by the government-owned railways. This board will not have any judicial function at all; and wherever privately-owned air lines are concerned, where they start to interfere with Trans-Canada Air Lines, the board will decide against the privately-owned air lines and in favour of the government-owned lines. That is, it will be in the position of player and referee at the same time.

Mr. REID: When this act is in operation, would a company, say in British Columbia, whose intention it would be to fly entirely within the province and not outside it, be compelled, before doing so, to come before this board for a licence?

Mr. HOWE: Yes.

Mr. REID: Then I think the committee should be very careful about this bill, because the experience we have had in British Columbia, in coming to Ottawa before the railway board, or before any board here, has not been at all happy. As far as I am concerned, I shall view the bill with some concern if every local operator has to come to Ottawa, before going into business in the province, to seek permission from a board here.

Mr. STIRLING: I cannot understand how the minister will operate under the act after it has been amended. The purpose of the amendment is to graft on to the Aeronautics Act an air transport board which I understand the Minister of Munitions and Supply will operate, or at least it will operate in conjunction with the Department of Munitions and Supply. He says that the Aeronautics Act will not be amended in any other particular.

Mr. HOWE: When did I say that? I do not think I did say it.

Mr. STIRLING: The question was asked and that, I understood, was the answer. Are there to be other amendments to the Aeronautics Act?

Mr. HOWE: Yes.

Mr. STIRLING: I clearly understood the minister to say that this was the only one.

Mr. HOWE: No. I said that the act would be amended to make effective the government's policy with regard to civil aviation as announced in the house some time ago. It is being amended in a number of particulars.

Mr. STIRLING: Then the description of the minister is one that will be altered?

Mr. HOWE: Yes.

Mr. STIRLING: You cannot leave the Minister of National Defence at the head of this act if it is the Minister of Munitions and Supply who will operate the board.

Mr. HOWE: The Minister of Transport is the minister named in the act; but, as I explained, the present is a temporary situation which may or may not last for long; only so long as the air services branch of the Department of Transport is administered by the Minister of Munitions and Supply.

Mr. GREEN: Will the air transport board have authority over air service abroad?

Mr. HOWE: Yes, to an extent. I should not like to answer that question with too great finality. It will certainly have jurisdiction over services in Canada. I presume it may not have jurisdiction over Canadian services everywhere.

Mr. GREEN: A route from Canada to Great Britain, for instance?

Mr. HOWE: Yes.

Mr. GREEN: What supervision would it have over that?

Mr. HOWE: It probably would have the whole supervision. It is difficult to anticipate what the rules of international air transport will be, but to-day, as between Canada and the United States, this board will have jurisdiction over all lines that are Canadian operations between the two countries. For instance, the line from Toronto to La Guardia field would be under the air transport board.

Mr. GREEN: Would it have supervision over a United States line coming to Canada?

Mr. HOWE: No. The whole matter is subject to international agreement.

Mr. GREEN: On the question of international agreement, now that the British have announced that they cannot follow the Canadian plan, is the government proceeding on the basis of making bilateral agreements with other nations?

Mr. HOWE: No.

Mr. GREEN: With Russia, for example? What is the position? Is our air policy indefinite temporarily?

Mr. HOWE: Everyone's policy is indefinite in that there is no comprehensive international agreement at the moment. Every country in the world is attempting to convince other countries that its own view of the international situation is the correct view. In consequence of a number of conversations, each view is more or less solidifying toward a common basis that all countries can accept. But until a basis can be found that all countries can accept there will be no international agreement.

Mr. GREEN: In what direction is it solidifying?

Mr. HOWE: I cannot say exactly. I am not a prophet.

Mr. ADAMSON: The minister has paid a high compliment to the United States civil aviation board. I understand there is a radical difference between the policy in the United States and the policy proposed by the minister, in that the United States policy is that there shall be competition over the same routes, whereas in Canada the policy announced by the minister in this house last month was that there should be no competition, or that Trans-Canada Air Lines should have the exclusive right to east and west air lines in Canada and that as regards the feeder lines, such as they were, the individual company should have the exclusive right. I understand that the United States policy is that direct competition is allowed in the major air lines.

Mr. HOWE: The air system of the United States was developed on just the opposite line,

the line that competition between air lines should be held to a minimum. The country has been divided into certain areas. For example, American Air Lines has the southern part of the United States, United Air Lines the central zone, and other air lines the northern zone. Competition has been kept to a minimum. Recently the civil aeronautics authority has announced that it will permit competition on heavily travelled lines. There has been some discussion of allowing competition on the line between New York and Boston, which is a very heavily travelled line. This policy may be carried farther, but this is a new development of the last year or so. Before that, the policy of the board, as I understand it, was to avoid competition over the same route for different carriers. Important centres must necessarily be competitive. Of the four transcontinental systems, all must start from New York and several may touch Chicago. But, generally speaking, there is the least possible duplication of routes between different operations. I might point out that the population of the United States is twelve times as great as that of Canada, and that the area to be covered in the United States and in Canada is about the same. There may come a time when there is sufficient concentration of traffic over Canadian lines to warrant competition, and when that day comes I am sure the government of the day will recognize the fact. At the moment, the chances of survival of a modern and efficient Canadian air line depend, in my opinion, on not having competition of services over the same route.

Mr. MacNICOL: But the rates will be regulated?

Mr. HOWE: Certainly.

Mr. ADAMSON: I understand one can travel from New York to Chicago by four different lines.

Mr. HOWE: Yes, but that is only competition between two great travel centres. Those four lines from New York to Chicago travel different routes, and there are no other cities in between that are served by more than one line.

Resolution reported, read the second time and concurred in. Mr. Howe thereupon moved for leave to introduce bill No. 133, to amend the Aeronautics Act.

Motion agreed to and bill read the first time.

FARM CREDIT

LIMITED GUARANTEE OF BANK LOANS FOR IMPROVEMENT AND DEVELOPMENT OF FARMS

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a bill to encourage the provision of intermediate term and short term credit to farmers for the improvement and development of farms through bank loans, guaranteed with limitations, by the crown; moneys payable under the act including expenses of administration to be paid out of the consolidated revenue fund.

Mr. ILSLEY: I think I had better make a statement on this resolution, so that the house will have it before it when it considers the bill. If it is convenient I would suggest that discussion be deferred until the bill is before it, because discussion can be carried on much more intelligently if hon. members have the bill before them. But I should make a statement now because it will assist in understanding the bill.

During my statement on second reading of the Bank Act bill I gave a general outline of the purpose and structure of the proposed Farm Improvement Loan Act. As I then said, this measure is in effect collateral to the Bank Act. The amendments to section 88 of the Bank Act will enable the banks to make loans to farmers for the equipping and improvement of their farms and farm homes and to take appropriate security. The Farm Improvement Loans Act is intended to ensure that these newly created credit facilities will be made available to farmers to the fullest possible extent, at reasonable rates of interest and for sufficiently long terms.

This will be accomplished by guaranteeing each bank against loss up to ten per cent of the aggregate amount of loans made by it in accordance with the prescribed conditions. As I have already pointed out, this technique has already been applied with conspicuous success. Under the Home Improvement Loans Act, the banks loaned $50,000,000 mainly to urban home owners, within the period from November, 1936, to October, 1940. In the main these were loans that would not otherwise have been made, and it is generally acknowledged that the act made a notable contribution in terms of employment and community welfare. Under that act the banks were guaranteed against loss up to fifteen per cent of the aggregate value of the loans. Actually the losses to date are only three-quarters of one per cent. Conditions may have been especially favourable to repayment as the business cycle was on the upswing

throughout the period of operations under the home improvement plan, but I think we are justified in concluding that a guarantee of fifteen per cent is unnecessarily high, even for loans to farmers which may be somewhat more risky than loans to urban home owners. Guarantees were also extended to the banks in connection with loans made for the summer stocking of fuel by consumers, and again the lending experience was excellent. All 1943 loans are now paid and only one bad debt had to be written off from 1942.

It is considered that a guarantee of ten per cent of the aggregate amount of loans made by one bank will be sufficient to offset the special risks attaching to farm improvement loans, yet will not be so large as to result in reckless lending without regard to the prospect of repayment. The amount of the guarantee is not, of course, the only factor that will influence the volume of loans. The attitude of the banks is important, and I have reason to believe that they will welcome the opportunity to extend their field of usefulness to farmers. The experience under the home improvement plan and the coal guarantee scheme must have brought home to many bank managers the opportunities that lie close at hand for serving the needs of individual borrowers.

It is necessary, of course, to fix some limit on the amount of loans to which the ten per cent guarantee applies. Further, we think it is desirable that there should be an opportunity after the scheme has been working for a reasonable period for parliament to review its operations and make whatever changes then seem desirable. For these reasons, it is proposed that the guarantee should be effective in respect of a maximum of $250 million of loans made within a period of three years. Apart from this over-all limitation on the government's liability, there will be provision for termination of the guarantee after due notice on loans in any particular category or made by any particular bank. This will ensure effective control over lending operations.

While the banks will be free to make whatever loans they see fit, at their own risk, under the extended provisions of section 88 of the Bank Act, only loans which comply with certain prescribed conditions as to purpose, eligibility of the borrower, amount of the loan, rate of interest, terms of repayment and security will be eligible for guarantee. In the bill itself the more general conditions will be set forth. Of necessity the details must be left to regulation, just as was done under the home improvement plan.

[Mr. Ilsley.]

First, as to purpose: the object of the scheme is to provide the credit needed by farmers to increase the efficiency of their farming operations and to enable them to make their farm homes more comfortable and attractive. With this in view, it is proposed that the guarantee should apply to loans made for the purchase of farm implements and farm equipment, for rural electrification, for the purchase of live stock, for fencing and drainage, for the repair, alteration and construction of farm buildings and for other farm improvement purposes that may later be specified in the regulations. The categories are very broad and include nearly every kind of permanent improvement to a farm or farm home.

The question of eligibility for loans raises some difficult points on which there may be differences of opinion. It will be proposed that the benefits of the guarantee should extended to occupiers of farms whose principal occupation consists of farming, and should not be available to landlords or to what might be called gentleman farmers, living on farms but working in the city. I think this is the right principle, but I would be glad to consider the views of the banking and commerce committee if they reach a different conclusion when they come to consider the bill founded on this resolution.

As to the amount of the loan, the scheme is meant to benefit the ordinary farmer and not the big scale operator who can presumably arrange a line of credit without government guarantee. Hence, it is proposed that the guarantee should not be effective in respect of loans to an individual farmer exceeding $3,000. The rate of interest is to be limited to a maximum of five per cent simple interest per annum, which is considerably less than rates generally obtaining for this kind of accommodation to farmers from merchants, dealers or other present sources and is, I believe, somewhat less than the average rate charged to farmers by banks on short-term loans. It is reasonable that the rate should be lower since an important part of the risk is being borne by the government. Nevertheless, earnings must be sufficient to cover the banks' costs of operation and to give them an incentive to go out after business.

Ideally, the terms and methods of repayment should be adapted to the circumstances of the individual farmer, taking into account the purpose and size of the loan. Thus a loan for a permanent improvement, such as a new barn, should in general be amortized over a longer period than a loan for a farm implement, and a loan for a cream separator might well be paid out of the monthly cream cheque, whereas payments on a binder would usually be most

convenient at harvest time. Quite obviously, the necessary flexibility cannot be achieved by legislation or even by regulation. In the final analysis each loan is an individual personal problem. An attempt will be made, however, to issue certain general instructions for the guidance of bank managers and, as experience is gained, to make these gradually more explicit. In the bill itself the only limitation as to terms of repayment will be that a guaranteed loan must be repayable in full in not more than ten years. In practice most loans will be of much shorter duration, the outside limit being approached only in the case of large loans for the construction of a permanent improvement such as the principal farm dwelling.

With respect to the taking of security for farm improvement loans, it is proposed to require the banks to take the kind of security available to them under the Bank Act, except in the case of larger loans for permanent improvements for which special provision will be made in the bill founded on this resolution. Thus a loan for the purchase of a binder will be secured by a charge on the binder itself, and a loan for the installation of a farm electric system by a charge on both the movable and affixed parts of that system.

I would also remind the house that the banks have powers to take additional security of any kind after the loan has been made; for instance, if the borrower appears likely to default or has already defaulted.

For ordinary loans for permanent improvements, it is not the intention to require the banks in the first instance to take security on the farm itself even though the value of the property has been enhanced by reason of the improvements made. This decision was reached after very careful consideration, and I am sure it will result in a much freer use of the facilities than if the banks had been required to take a mortgage on the farm for every single loan in this category. Where the loan is for a relatively large amount, repayable over an extended period, however, it is reasonable and prudent to take security on the property which benefits by the expenditure of the loan. The bill will therefore contain a provision giving the banks power to take a mortgage or hypothec upon the farm or an assignment of the rights and interest of a purchaser under an agreement for sale as security for a farm improvement loan exceeding $2,000 and repayable in more than five years.

When the scheme is in operation the great majority of farmers will be able to arrange a loan at the bank and pay cash to the manufacturer or dealer for his machinery and equipment. The lower rate of interest payable on farm improvement loans will constitute a direct saving to the farmer, and I am also hopeful that this method of financing will make a real contribution to a reduction in prices of farm implements and equipment. Nevertheless, there is danger that some dealers and manufacturers, now that the risk of loss and the cost of collection are being transferred to the banks and the government, may tend to oversell. This is a thorny problem, and the government intends to initiate discussions with the leading companies at once so that suitable agreements can be worked out in advance of the commencement of the act.

These are the principal provisions of the measure founded on this resolution. I do not think it is necessary for me to deal at length with the reasons which led the government to adopt this particular method of providing intermediate agricultural credit. I stated them in my explanation of the banking legislation on May 2, and I amplified them in closing the debate on second reading of the Bank Act on May 11. Briefly, the reasons are these: this method avoids delay; it avoids the hazards and costs and problems of personnel involved in building up a new organization which would be necessary if we were to establish a new agricultural bank; it avoids duplicating the network of branch banks already in existence; it affords a desirable combination of government assistance with business judgment.

It is interesting to observe that the subcommittee on agricultural policy of the advisory committee on reconstruction, headed by Donald G. McKenzie of Winnipeg, in its final report recommended:

> That the dominion government make a careful survey of the schemes for providing short-term and intermediate credit now in force in other countries, with a view to making provision for adequate credit at low rates of interest to deserving farmers, using as far as possible existing facilities, including the chartered banks of Canada.

Mr. STIRLING: Is it the intention of the government to send this bill to the banking and commerce committee and, if so, at what stage?

Mr. ILSLEY: Yes; after it receives second reading in the house, just as we did with the Bank Act.

Mr. STIRLING: Another bill was sent to the banking and commerce committee before the principle was decided on second reading, and I wondered whether the government would think well of dealing with this bill in the same way.

Mr. ILSLEY: Oh, no; that was a different sort of bill. That bill was for the incorporation of a provincial bank in Alberta, with the principle of which the government was not prepared to agree, and the subject matter therefore was referred to the banking and commerce committee. The government sponsors this bill and the principle thereof, and is asking the house to approve the principle of the bill and send it to the banking and commerce committee for consideration as to details.

Mr. STIRLING: We are not in committee, but if I may be permitted to say a word I can see the difference perfectly well. However, this measure will open a very wide field of business to the chartered banks, which they have not been able to enter in the past; and although the minister says he understands the chartered banks are favourable to this proposal, I think it would be most valuable to hear the evidence of the chartered banks in that regard, possibly before the principle is decided upon by this house.

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

Mr. STIRLING: Does this measure extend these facilities just to the ten chartered banks, or to any other financial houses as well?

Mr. ILSLEY: I think it is just to the ten chartered banks. The reason I say "I think" is that there may be other than chartered banks in the province of Quebec, but I do not think so.

Mr. STIRLING: But not to loan companies of any description?

Mr. ILSLEY: No.

Mr. BLACKMORE: Are the facilities created by this act to be extended to all kinds of farmers; fruit farmers, dairy farmers and farmers of all types throughout the country?

Mr. ILSLEY: "A farmer" is defined in the bill. I do not like to pick up this draft bill and start quoting from it now; there will be plenty of opportunity for that in the banking and commerce committee.

Mr. BLACKMORE: But not before that.

Mr. ILSLEY: No. It is intended that a farmer shall mean a person who is in possession of a farm, and whose principal occupation consists of farming such farm. Then "a farm" is defined to mean land used for the purpose of farming, which term includes live stock raising, dairying, fruit growing and all tillage of the soil.

[Mr. Stirling.]

Mr. ROSS (Souris): I have quite a few questions to ask, and it is eleven o'clock now.

Mr. RALSTON: Let us finish it to-night.

Mr. ROSS (Souris): This is a very important bill, and I should like to discuss it.

The ACTING CHAIRMAN (Mr. Golding): This is just the resolution.

Mr. ROSS (Souris): Then may I ask the minister questions on second reading, before it goes to committee?

Mr. ILSLEY: No.

Mr. STIRLING: Surely if questions are to be asked on a bill which is to be sent to the banking and commerce committee, this is the time to ask them.

Mr. ILSLEY: That is quite right.

Mr. ROSS (Souris): Then I should like an opportunity to ask a number of questions.

Progress reported.

At eleven o'clock the house adjourned until Thursday at three o'clock p.m., pursuant to special order made Monday, February 21, 1944.

Thursday, June 8, 1944

The house met at three o'clock.

VACANCY

Mr. SPEAKER: I have the honour to inform the house that I have received a communication from two members, notifying me that the following vacancy has occurred in the representation, viz:

Of Hugh Bathgate McKinnon, Esquire, member for the electoral district of Kenora-Rainy River, by decease.

I have accordingly issued my warrant to the chief electoral officer to make out a new writ of election for the said electoral district.

THE KING'S BIRTHDAY

RESOLUTION EXTENDING GREETINGS AND GOOD WISHES TO HIS MAJESTY

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, hon. members are aware that to-day, June 8, has been set apart for the celebration in Canada of His Majesty's birthday anniversary. The house no doubt would wish to extend to His Majesty greetings and good wishes on this occasion; and my hon. friend, the Leader of the Opposition, (Mr. Graydon) has kindly said that he would join with me in a motion which would

express the wishes of all parties in the house. I would therefore move, seconded by the Leader of His Majesty's Loyal Opposition;

That an humble address be sent to His Majesty, King George VI, in the following words:

To the King's Most Excellent Majesty:
Most Gracious Sovereign:

We, the members of the House of Commons of Canada in parliament assembled, desire to extend to Your Majesty, on this day set apart for the celebration in Canada of the King's Birthday, our loyal greetings and heartfelt good wishes.

Throughout these anxious days of the supreme effort of the united nations, it is our prayer that Providence may protect Your Majesty; that you may be spared to see an early triumph of the forces of freedom now launched upon tremendous battles on land, on the sea and in the air; and that the efforts of all who fight for freedom may be crowned with security and peace.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, perhaps the most appropriate manner in which I may be allowed to second the motion of the Prime Minister is to ask the members of this house to rise and sing "God Save the King."

(The members rose and sang *God Save the King.*)

Motion agreed to.

BUSINESS OF THE HOUSE

WEDNESDAY SITTINGS

Right Hon. W. L. MACKENZIE KING (Prime Minister): On Tuesday afternoon the leader of the opposition suggested that it might help to expedite the business of the house considerably were we to resume the sittings on Wednesdays. As hon. members are aware, the normal procedure has been to sit on Mondays and Tuesdays, Thursdays, and Fridays in the afternoon and evening, but on Wednesday for the half day only. I have been conferring with my colleagues as to the advisability of resuming the Wednesday afternoon sittings. If the house is prepared to accept the suggestion which was made constructively and helpfully by my hon. friend, that we might on Wednesday afternoons proceed immediately with government business, the business which was taken up on the previous night, or such orders as might be called, thereby avoiding delays on questions or motions preceding the taking up of business previously indicated, I would be prepared to move, with the consent of the house, that the house resume its sittings on Wednesday afternoons.

I have to make it clear that it will be necessary for the war committee of the cabinet to reserve Wednesdays, as we have up to the present this session, for the consideration of the very important matters which come before its members, and that the members of the government who are on the war committee will necessarily be obliged to absent themselves from the house that afternoon. I assume that hon. members will agree in the circumstances that there will be no divisions on Wednesday afternoons; that, as I have already said, ministers will not be expected to reply to questions, but that the procedure will be as it would normally be after the government has entered upon the orders of the day for the discussion of the different measures. If this is agreeable, and I gather from the response made to what I have already said that it is, I would move:

That on and after June 14, 1944, until the end of the session, the house shall meet at three o'clock in the afternoon on Wednesdays and that the order of business shall then be the continuation of the business interrupted by the adjournment of the house on the preceding day, provided always that government business may be called on Wednesdays in such sequence as the government may think fit.

That last clause refers of course to government business. It means that the government would announce on Tuesday evening that on Wednesday we would take up such and such items on the order paper, but not necessarily continuance of the particular measure that was being discussed after time of adjournment on the Tuesday night. That might be a measure in which the Minister of Finance or some other member of the war committee would be interested. The house will observe that at present we shall continue to follow the custom of not sitting on Wednesday evening. If we make substantial progress under the proposed arrangement and we find that it is really likely to help in expediting the business of the house, we may a little later take Wednesday evenings and after that, I hope, before long begin morning sittings.

Mr. GORDON GRAYDON (Leader of the Opposition): There are just two things I wish to say with respect to this motion. I think it will expedite the business of the house considerably, and I wish to thank the Prime Minister for having acceded to what I felt would be a constructive request, because we are all very anxious, particularly in these times, to see the house conduct itself with as much celerity and dispatch as may be humanly possible in the circumstances, reserving of course the right to deal properly with legislation that comes before the house.

The second thing I wish to say is that, in connection with Wednesday evening sittings, I had made that a part of my proposal, and I was glad to hear the Prime Minister suggest that the door was being left open so that Wednesday evening might be taken advantage of a little later on.

The other matter mentioned, in connection with the question of divisions on Wednesdays, calls for a comment, and perhaps the opposition ought in its own interests to protect itself, as the government has done, and to make sure that no legislation will be brought in by the government which would, by reason of the acceptance of the Prime Minister's suggestion about no divisions, in any way embarrass the opposition in connection with details of that kind. Perhaps that is a matter upon which we can all cooperate so that the interests and the rights of all shall be protected as time goes on.

Mr. E. G. HANSELL (Macleod): In rising to support the motion, may I make one or two suggestions to the Prime Minister. We usually find that civil estimates are rushed towards the end of the session. I think we could very largely comply with the suggestion made by the Leader of the Opposition and with the request of the Prime Minister and avoid divisions if it were possible to have civil estimates discussed on Wednesday afternoons. There is to my mind quite a difference in discussion as between civil estimates and legislation. When legislation is brought down it usually determines government policy. In order for us to familiarize ourselves with the various subjects involved in legislation a good deal of time is required, and an hour or two on Wednesday might facilitate the study of certain legislation. While civil estimates are being discussed there are not involved particularly questions of government policy. Civil estimates come down every year and usually about the same discussion takes place. I am going to suggest that if it is possible we reserve Wednesday afternoon for civil estimates and we may find as the session draws near its close that it is not necessary for us to hasten over these estimates as we usually do.

Mr. MACKENZIE KING: The government will be glad to consider the suggestion, but I do think that general legislation is more important than estimates, though estimates of course are one form of legislation. My hon. friend will realize that already this session a great deal of discussion of items that appear in the civil estimates has taken place on the war appropriation, also in addition there has been under discussion some of the civil estimates, so that there is not now the possibility that the estimates will be left for consideration until the end of the session. On some Wednesdays we might take up civil government estimates; we might take them up on Monday or Tuesday, on Thursday or Friday. I would not wish to say that Wednesday would be reserved for that purpose. I think that precedence ought to be given to the bills we have, some of which are very important, and some of which will require a good deal of discussion.

Motion agreed to.

TREATIES AND CONVENTIONS

CANADA-UNITED STATES—AVOIDANCE OF DOUBLE TAXATION AND PREVENTION OF FISCAL EVASION

Right Hon. W. L. MACKENZIE KING (Prime Minister): I wish to announce to the house that a convention for the avoidance of double taxation and the prevention of fiscal evasion in the case of estate taxes and succession duties was signed this afternoon, June 8, at 2.45 p.m. Mr. Atherton, the United States Ambassador, signed on behalf of the United States of America; and Mr. Mackenzie King, the Secretary of State for External Affairs, and Mr. Gibson, the Minister of National Revenue, signed for Canada.

The text of the convention will be tabled in parliament, and an explanatory statement will be furnished as soon as arrangements have been completed in Washington for communicating the convention to the senate.

THE WAR

INVASION OF WESTERN EUROPE—CANADIAN PARTICIPATION—PRESENT SITUATION

Right Hon. W. L. MACKENZIE KING (Prime Minister): Hon. members will have observed that the Prime Minister of Great Britain has intimated to the British house that he does not think it will be possible for him to make statements from day to day in reference to the progress of the war, that he will have to choose occasions on which particular statements may be made. However, the Prime Minister in Britain is also Minister of Defence and may wish to speak in either or both capacities. I am sure hon. members will be interested in hearing this afternoon from the Minister of National Defence (Mr. Ralston) something about the events of the last few days, giving to the house as much in the way of information as it is possible for him to give, particularly in relation to the progress which has been made by our own forces. As there is no particular place indicated on the order paper for such a statement, if it suits the convenience of the

house I suggest that the Minister of National Defence might make a statement immediately.

Hon. J. L. RALSTON (Minister of National Defence): Mr. Speaker, I do not know that there is very much one can add to the press reports, but in view of the welter of official and unofficial news in the press and by radio, I do want to say a word about the various sources of information which we have and also a word as to the present situation.

Many of the reports that we get are from enemy sources and consequently they have to be taken with a good deal of reserve. Their object is not always to inform but frequently with the hope that the allies will give them information by statements correcting these reports. In addition to the enemy sources of information we get official communiques from the supreme allied headquarters which all members see in the newspapers. These are necessarily general in character, and as they are issued only periodically some of the information they contain will already have been released. Then we have press dispatches through the news agencies, the Canadian Press, the Associated Press, the British United Press, and also stories by responsible war correspondents of various agencies and newspapers who are on the ground. While these reports are not official, it can be assumed that they have been passed by the security authorities.

I must say that we have been extremely well served by the dispatches which have appeared in the last few days from all the different sources. At national defence headquarters we get a series of situation reports which show the identity of the troops engaged and the progress made and the positions established. From these we are able to spot the general line which is being occupied. The press and radio provide such speedy facilities that very seldom do we at headquarters have news by way of situation reports or reports from commanders which are earlier in point of time than what is gained from the press or radio. On the other hand there are details which we get in situation reports and reports from commanders which cannot be given for security reasons and are not carried by the press or radio.

The purpose of this explanation is to intimate that there would be very little point in my making announcements in the house unless there were some details affecting particularly Canadian interests which were not carried by the press or radio but which we felt might be announced without prejudice to security.

Since I am speaking I can say this that a careful putting together of the situation reports which have come in in the last twenty-four hours, enables me to tell the house that I am at least not making any over-statement when I say that Canadians are as far forward as any other land troops. We have late news of heavy fighting in one sector in which it is stated that the casualties may be considerable. In two recent messages from the commanders, one pays the highest praise to the magnificence of our troops in the assault and indicates that good progress is being made and that the casualties are moderate. Another speaks particularly of the outstanding bravery and resourcefulness of our men. Speaking generally this news is good. What we here can do is to keep right on with training and dispatching men, shipping equipment and paying the shot. But we can also encourage and support our sailors, soldiers, and airmen by letters, messages and by unfailing interest in their loved ones in Canada, and by our fervent prayers.

We cannot help feeling, speaking of the operation generally, that the most precarious phase for troops in an amphibious operation is passed. The outstanding fact is that they have gained solid ground and are pushing forward. That fills us with a sense of humble thankfulness. I am sure, however, that we are not being lulled into any sense of false security or complacency because this first vital phase has succeeded more quickly and with less cost than we dared expect. These men are facing a strong and desperate enemy. We cannot expect that operations will keep steadily on with the good fortune which has so far attended this one. We must always be prepared for bad news, and perhaps shocking news. In the meantime, these men of ours have our grateful appreciation and our fullest confidence. May they have stout hearts and strong hands for all the perils and difficulties of the great undertaking in which they are engaged. On the other hand may we on our part try to match their heroism, their resolution, and their determination with our unbounded support and our unflagging help and interest.

AVAILABILITY TO MEMBERS OF MAP OF WESTERN INVASION FRONT—CASUALTY LISTS

Mr. E. G. HANSELL (Macleod): Apropos of the statement of the minister may I rise to a question of privilege which I think affects every member of the house? It is not often that hon. members of the opposition hand bouquets to the government, but I wish to tell the Minister of National Defence how much I appreciate something that may not seem tremendously great, but which I think we all appreciate, namely, the announcement we received in the mail yesterday with respect to his decision to have maps placed in room 16 and an intelligence officer from his depart-

ment in attendance to explain to us the progress that has been made in the invasion. I think these little acts of kindness all go to help make a member's work more pleasant.

While I am on my feet may I also express my appreciation of the decision made by the Minister of National Defence for Air (Mr. Power) some time ago to have his department send to members of parliament casualty lists with respect to the R.C.A.F. May I ask the Minister of National Defence if he would give consideration to sending to members of parliament casualty lists as they affect the army and the Minister of National Defence for Naval Services casualty lists as they affect the navy? They are of tremendous help to hon. members.

Hon. J. L. RALSTON (Minister of National Defence): I thank my hon. friend for his reference to what is being done to inform hon. members; it is the least we can do. I only wish we could do more in that respect. With regard to the matter of casualty lists, that is now under discussion with the records officer and I hope to be able to advise very shortly whether it can be done or not. It is simply a matter of physical arrangement.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

HOUSING—TORONTO

Mr. CHURCH:

1. Has the government made any proposals to the city of Toronto for the erection of small houses there on the new plan made in relation to housing in Montreal?
2. If so, for how many houses, at what cost, and what is the plan proposed?
3. What reply has been received by the government from the city authorities in relation thereto?
4. When will the houses be built?

Mr. ILSLEY: Under the plan announced by the Minister of Finance on May 11, 1944, for the financing of low-rental housing projects sponsored by limited dividend housing corporations, the government does not make proposals to a municipality. On the other hand, as the announcement indicates, it is willing to assist by making a first mortgage loan at an interest rate of 3 per cent to finance an approved low-rental housing project developed by a group of local public-spirited citizens organized as a limited dividend housing corporation. Such projects are planned by the local group and are taken up with the dominion authorities in order to secure approval of the project and to negotiate the loan.

[Mr. Hansell.]

City of Toronto officials requested information, and the general principles underlying the plan were explained to them. No reply has been received and no proposal for any specific housing project to be developed under this plan has been made to the dominion by the city of Toronto.

R.C.A.F.—BOMBING AND GUNNERY PRACTICE—LAKE ERIE FISHING GROUNDS

Mr. CORMAN:

1. What arrangements regarding compensation were made with the fishermen on Lake Erie who lost their grounds to the air force for bombing and gunnery practice?
2. How much compensation are they paid per year?
3. How much compensation have they received to date?
4. What area of fishing grounds did each lose for the above purposes?

Mr. MACMILLAN:

1. Compensation is paid to lake Erie fishermen on the basis of the number of nets operated by each.

2. Two hundred dollars per net per year plus one payment of $200 per net towards expenses of reestablishment. The latter payment will be made at the time the fishermen are able to renew their activities.

3. For each of the years 1941, 1942 and 1943, $14,200 was paid to pound net fishermen. A further amount of $1,717.14 was paid in full and final settlement in respect of compensation to gill net fishermen.

4. Information not available as compensation was based on sworn statements lodged by the fishermen with Ontario government showing the annual catch of each pound, variety of fish, selling price as well as the estimated value of equipment used.

BIRCH AND MAPLE VENEER LOGS

Mr. POULIOT:

1. What was the total quantity of, (a) export quality and, (b) second quality of birch and maple veneer logs produced, purchased or acquired by the Veneer Log Supply Ltd., of Montreal?
2. What were the quantities produced, purchased or acquired in the provinces of, (a) Ontario; (b) New Brunswick, and (c) Quebec?
3. What was the decimal of Scribner scale, if any, used in each province?

Mr. CHEVRIER:

1. Veneer Log Supply Limited purchased during its first fiscal year of operations ending August, 1943, (a) 14,810,570 feet of standard quality veneer logs; (b) 164,850 feet of second grade veneer logs.

2. During the period stated in 1: (a) Ontario, 2,449,630 feet standard quality veneer

logs, 164,850 feet second grade veneer logs; (b) New Brunswick and Nova Scotia, 5,067,200 feet standard quality veneer logs; (c) Quebec, 7,293,740 feet standard quality veneer logs.

3. Because each province used a different scale, Veneer Log Supply Limited decided to apply the Scribner decimal C log rule.

SOLDIERS' REESTABLISHMENT—SOFT DRINKS—SUGAR QUOTA

Mr. ROSS (Souris):

1. How many returned soldiers have applied for a quota of sugar for use in the manufacture of sold drinks or fountain syrups?
2. How many applications have been granted?
3. How many applications have been refused?
4. What quota of sugar has been granted to each applicant?

Mr. ILSLEY:

1. One.
2. One.
3. None.
4. A quota of 7,500 pounds of sugar quarterly has been granted to the above applicant.

UNEMPLOYMENT INSURANCE BENEFITS—CLAIMS AT VARIOUS DISTRICT OFFICES

Mr. LaCROIX (Quebec-Montmorency):

1. How many claims officers, clerks and stenographers are working on claims for unemployment insurance benefits, (a) in the North Bay district office; (b) in the London district office; (c) in the Toronto district office; (d) in the Montreal district office?
2. What was the number of claims dealt with in each of said offices between January 1, 1943, and January 1, 1944?
3. What was the total amount of unemployment insurance benefits paid by each of said offices between the above dates?

Mr. MARTIN:

1.

	North Bay	London	Toronto	Montreal
Claims Officers	2	3	5	15
Clerks	2	4	6	17
Stenographers	1	1	6	11
Typists	..	..	..	7
Total	5	8	17	50

2.

North Bay	458
London	806
Toronto	4,759
Montreal	13,995

3.

North Bay	$ 9,476 45
London	17,457 93
Toronto	99,803 84
Montreal	401,731 52

PENSIONS AND HEALTH—"THE BENNY FARM" PROPERTY, MONTREAL

Mr. BRUCE:

1. Has the government, on behalf of the Department of Pensions and National Health, purchased a property in Montreal known as "the Benny farm"? If so, when and at what price?
2. Was the said property purchased from the owner or through an agent; and if through an agent, what commission was paid on the transaction?
3. What is the area of the site and for what purpose was the property purchased?

Mr. MacKENZIE (Vancouver Centre):

1. No. Subject to approval by the treasury board as to cost, the Department of Pensions and National Health has been authorized by order in council P.C. 3864 dated May 30, 1944 to acquire land west of Benny avenue between Sherbrooke and Monkland streets.

2 and 3. Answered by No. 1.

CANADIAN FORCES PERSONNEL—RAILWAY RATES

Mr. CHURCH:

1. Is the government giving consideration to continue negotiations announced to the house last session regarding the reduction of soldier fares by railways and a ceiling for the same for those on weekend leaves from camps while in training in Canada?
2. What has been done in this matter since it was last before the house the past three sessions and what negotiations, if any, have been conducted between the government and the railways since then?
3. Will time be set for the consideration of a bill, No. 6 on the order paper, regarding free soldier fares and railways?

Mr. MACDONALD (Halifax):

1. No consideration is being given at present to negotiating with the railway companies for any further reduction to be met by them over what they are now providing as a concession, i.e.,

(a) Provision of a return ticket for the cost of a single fare any time service personnel are travelling on ordinary leaves, including week-end leaves.

(b) Provision of a return ticket for the cost of a two-thirds of a single fare to service personnel when travelling on annual or embarkation leave; one-third of a single fare is payable by the person travelling up to an amount of $15 and one-third of a single fare is paid by the government, plus the excess of any amount of one-third of a single fare over $15.

2. Arrangements have been made to provide in the case of personnel proceeding on annual or embarkation leave under the arrangements of one-third of a single fare payable by the man, for a ceiling of $15 to be the maximum

cost paid by such personnel; the government absorbing in addition to one-third of a single fare any amount in excess of $15 for the one-third of a single fare which was previously paid by the persons travelling on this concession.

The matter of free transportation at government expense for personnel to their homes and return to district depots when granted disembarkation leave on return from overseas is now receiving active consideration.

3. See resolution passed by the house on February 11, 1944, providing for precedence to be given to government notices of motion and government orders until the end of the present session. (*Votes and Proceedings* No. 12).

The action taken by the house has precluded consideration up to the present of bill No. 6 on the order paper and the question as to when time will be set for its consideration depends on the further action taken by the house.

MUNITIONS AND SUPPLY—PROSECUTIONS AGAINST BEDDING MANUFACTURERS

Mr. KNOWLES:

1. Has the Department of Munitions and Supply, or any branch or official thereof, launched prosecutions against any bedding manufacturers?

2. If so, against what firms, and for what causes?

3. What is the present status of any such case?

Mr. CHEVRIER:

1. Yes.

2. Fred Brown (also known as Fred Bronstien), Edith Rosen (also known as Edith Roebuck), Frank V. White and Harry Mayotte are charged that they did unlawfully conspire to commit an indictable offence, to wit: to knowingly cause to be sold and delivered by Canada Comforter Company Limited to His Majesty in the right of His Government of Canada defective naval, military, air and militia stores to wit: mattresses, in violation of section 436 of the criminal code as amended by 1939 chapter 30, section 8, contrary to the provisions of section 573 of the criminal code.

3. Awaiting trial.

INCOME TAX, 1942—DEFERRED TAX

Mr. FRASER (Peterborough West):

What is the total amount of money received to date under item 36, general income tax T1 form for the year 1942?

Mr. GIBSON: The total amount of deferred tax received as of May 31, 1944, under item 36, T.1 general 1942 is $4,743,111.

[Mr. W. C. Macdonald.]

SELECTIVE SERVICE—TRANSFER OF FARM WORKERS TO INDUSTRY

Mr. MAYHEW:

What steps were taken by the Department of Labour to facilitate the movement of farmers and farm workers into other industries during the winter months of 1943-44?

Mr. MARTIN:

1. An extensive educational and publicity campaign was undertaken early in the fall of 1943 to encourage farmers who could be spared from agriculture to accept work in other essential industries during the winter months. This campaign made clear to farm workers the procedure they were to follow in obtaining employment. In the case of those who were on postponement of military service assurance was given that their postponement would not be affected by accepting such employment provided that they had fulfilled the necessary national selective service mobilization requirements. This educational and publicity campaign included newspaper articles and advertisements, radio broadcasts, posters and a special letter from the director of national selective service to all farmers throughout Canada.

2. In addition to the above publicity conducted by the Department of Labour, the cooperation of interested provincial departments and industries was secured in publicity specially adapted to meet the specialized needs for labour across Canada during the winter months.

3. Under the dominion-provincial farm labour agreements all of the provinces made available members of their provincial field staffs to assist in recruiting farm workers who could be spared from agriculture during the winter months. With the assistance of these officials and of members of local agricultural production committees, not only were the essential needs of agriculture protected, but those who could be spared during the winter months were recruited for other high priority employment.

4. In some of the less commercialized districts where farm labour needs were less acute, certain high priority industries were permitted to employ canvassers under the direction of national selective service to recruit workers.

5. Through an arrangement with the national film board representatives of national selective service attended showings of films on the rural circuits in several of the provinces. On these occasions the needs of other essential industries were made known and farm workers, who could be spared, were recruited to help meet them.

OFFICERS SURVEY AND CLASSIFICATION BOARDS

Mr. POULIOT:

1. When was the overseas service control board formed?
2. How many officers have been recommended for overseas service by that board?

Mr. MACDONALD (Halifax):

No such board exists. On the assumption that the officers survey and classification boards are meant the information is as follows:

1. October 1, 1943.

2. It is not the function of such boards to recommend officers for overseas service.

There are six such boards assigned to definite areas covering Canada and Newfoundland, and each board is responsible for the survey and classification of all officers within its respective area. Eventually every officer will appear before one of these boards in order that he may be appraised and that a recommendation may be submitted as to his suitability to retain present employment—for reallocation if his services can be utilized to better advantage elsewhere—or for his return to civilian status.

VETERAN'S LAND ACT

Mr. CRUICKSHANK:

1. Is the Veterans' Land Act in force?
2. Are discharged veterans of the present war allowed to purchase land under this act?
3. If not, why not?
4. If the act is not in force at present, when will it become operative?

Mr. CRERAR:

1. Yes.

2. Yes. Discharged veterans certified as qualified under the act and regulations are assisted to purchase land. Farm machinery is in very short supply and a similar situation prevails with respect to building materials. Present administrative policy restricts establishments at this stage of the war to disabled veterans and to others in exceptional circumstances.

3 and 4. Answered by 1 and 2.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NEUROLOGICAL CENTRE, MONTREAL

Mr. BRUCE:

1. Will the government construct a new hospital as a neurological centre in the city of Montreal? If so, what will be its capacity and estimated cost?

2. Has the government retained the services of any firm of architects to prepare plans for a new neurological hospital in Montreal? If so, who has been so retained?

3. Have any arrangements been made regarding the person who will be in charge of such neurological hospital?

4. Has Dr. Wilder G. Penfield been appointed as head of this new neurological hospital?

5. If so, will he be consulted so that plans in regard to the operating rooms and other facilities may be provided to meet his special requirements?

6. If not, who will be responsible for this work?

Mr. McLARTY: Return tabled.

MOBILIZATION ACT—RESERVE ARMY

Mr. GILLIS:

1. Do the call-up regulations of the N.R.M.A. apply to all personnel of the reserve army? If not, what ranks are exempt from said call-up?

2. Of such ranks as may be exempt from said call-up, what is the total number now in the reserve army who are of military age?

3. Of the number indicated in the answer to question (2), how many joined the reserve army, (a) prior to September 1, 1939; (b) between September 1, 1939, and September 1, 1940; (c) since September 1, 1940?

CONTINENTAL GLOVE COMPANY—AIRMEN'S GLOVES

Mr. FRASER (Peterborough West):

1. What was the amount of the original tender of the Continental Glove Company of Montreal for the lining of airmen's gloves with shorn lamb?

2. Was the same amount paid to the Continental Glove Company for the lining of the gloves with a substitute?

3. What were the names of the inspectors who made the first inspection of the linings?

4. What were the names of the inspectors who made the final inspection and passed the gloves?

PUBLIC RELATIONS, PRESS AND LIAISON OFFICERS

Mr. CHURCH:

What are the salaries, living allowances, travelling expenses and all other emoluments of the officials set out in sessional paper 320, tabled Tuesday, May 30, as follows: (a) public relation officers; (b) press agents; (c) liaison officers in civil and war work?

CIVIL DISTURBANCES

INQUIRY AS TO CLASHES IN MONTREAL AREA BETWEEN CIVILIANS AND MEMBERS OF ARMED SERVICES

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I desire to ask a question of the Minister of Justice, and in doing so I intend no reflection against the provincial police of Quebec or the municipal police of Montreal. I should like to know whether the government has taken any steps through the Royal Canadian Mounted Police, or any other agency, to

ensure that there will be no recurrences of the fighting which has taken place in the Montreal area between gangs of so-called "zoot-suiters" and members of the armed forces. I ask this question because of what seems to be a quickening concern on the part of people generally as to what is going on in that district.

Hon. L. S. ST. LAURENT (Minister of Justice): I do not know that I can give a direct answer to the question as put by the leader of the opposition, because I would not want to suggest that the Royal Canadian Mounted Police were concerning themselves with matters which are primarily a provincial or municipal responsibility. But, noting the newspaper reports of what had been going on, the commissioner and I had the assistant commissioner proceed to Montreal, where he spent two days making a careful investigation into these instances that had been reported in the press. He returned last evening and I had a verbal report from him this morning. He is going to give me a more detailed written report, but in the meantime the provisional report with which I have been supplied states that there had been, over a period of several weeks, scattered and disconnected incidents in Westmount, Verdun, Longueuil and St. Lambert, and more recently there have been in the city of Montreal two or three street fights either between civilians or between civilians and members of the armed forces. The information obtained by Assistant Commissioner Mead was that these incidents were characterized in the newspaper reports as rather more serious than they were in fact, though it is regrettable that anything of the sort should occur.

In the provisional report it is stated that at present it is not considered that these fights are due to any racial animosities or that they have any political significance, and that view is shared by the director of the municipal police of Montreal. The situation, of course, is one that could be exploited by trouble-seeking persons, and if it were to continue it might become quite disturbing. It is suggested that one remedy which might be successful to a large extent would be in giving less exaggerated publicity to these isolated incidents, because it is noted now that people are commencing to congregate on St. Catherine street in the vicinity of St. Lawrence boulevard waiting to see if something is not going to occur, and the presence of crowds congregating there increases the occasion for unfortunate conflicts.

All I can add is that the provincial and municipal police, as well as the Royal Canadian Mounted Police, are carefully inquiring into the possible origin of these quarrels and are also conferring with the provost corps, and that everyone is trying to avoid any occasion for incidents which up to the present time do not appear to have any other sinister significance than simply spasmodic outbreaks between persons who are quick to take offence. The first clash between service personnel and civilians arose out of an incident when a sailor was perhaps successful in taking a young lady away from a civilian. That was resented and a fight ensued, which led to reprisals, and that appears to have been the start of clashes of this kind between civilians and uniformed personnel. I hope the efforts that are being made will be sufficiently effective to prevent any recurrence of these incidents.

Mr. POULIOT: Would the leader of the opposition be kind enough to give a clear definition of a "zoot-suiter"?

Mr. GRAYDON: I am sure it is not necessary for me to assist the hon. member for Temiscouata, who on so many occasions has demonstrated in this house a very excellent understanding of the English language.

LABOUR CONDITIONS

INQUIRY AS TO PROPOSED CHANGES IN MAN-POWER POLICY

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I understand the Minister of Labour has made plans to announce, some time during to-day or this evening, over a Canadian radio network, some important and far-reaching changes in government policy with respect to man-power. I would ask the minister if he would consider announcing these details as to any change in government policy where I suggest they should be made known first, that is, in the House of Commons; and, if he is not prepared to do that, I think he ought to give some reason why this extraordinary course is being taken.

Hon. HUMPHREY MITCHELL (Minister of Labour): I had intended to make a brief statement, Mr. Speaker. It is quite true that I intend to make a short address over the radio this evening, as my hon. friend has done many times, but in the course of that address there will not be an announcement of any major departure in policy. Under existing orders we have all the powers necessary.

The plan is three-fold. First, some 500,000 men who have been rejected for service in the armed forces will be interviewed individually, with a view to moving them, where necessary, to more essential employment. I might add that in order to speed up this plan arrangements have been made for selective service and employment offices throughout

Canada to stay open when necessary during the evenings. Second, the compulsory transfer regulations now in effect are to be extended to cover a greater number of occupations and will be applied more vigorously. Third, the industrial mobilization survey plan will be extended to cover all industries, regardless of priority. The employment of all men aged sixteen to forty inclusive, in all industrial and commercial establishments, will be subject to survey. These surveys will be made as rapidly as possible. Their primary purpose is: to determine cases where men on postponement can be called for military training without interference with essential production; to arrange transfer to more essential jobs of men who are medically unfit or not callable for military service for any reason; to discover cases where an employer, in any priority, has a temporary or permanent surplus of men in the age groups mentioned who may be moved to essential work. In view of its peculiar labour difficulties the agricultural industry will not be included in the survey. I might add that a survey of this nature is being applied to the civil service in Ottawa.

I would stress the point that in regard to men in the age groups mentioned, whether callable for military training or not, or whether married or single, all cases will be examined most carefully. Essential and non-essential industries all will be covered. Every effort will be made to treat fairly the employers and employees involved, but the paramount importance of war production will be the deciding factor.

To explain further: the officers of the industrial mobilization survey division of selective service will investigate plants, and will report to one of twelve industrial mobilization survey committees across Canada.

Workers transferred have the right to reinstatement in former jobs, after the emergency passes. Under certain conditions, special allowances will be paid to those moved to other jobs where hardship would be involved.

Employers and employees may appeal decisions of these committees to courts of referees, which are widely distributed throughout the country and which include representatives of labour and employers.

May I add this: as we did last year, we have reached that period when labour shortages are most marked, when we are moving from one season to a busier season, a condition which is traditional in Canada. I thought I would use this opportunity in an effort to speed up recruitment, particularly of women workers in Canada, to take the place of men in various industrial and commercial undertakings across the dominion.

Mr. GRAYDON: I take it that what the minister has given us to-day is substantially what he intends to give the nation on the broadcast?

Mr. MITCHELL: Yes, absolutely.

Mr. GRAYDON: I heartily agree with him that in the original instance these arrangements involving substantial changes in regulations and setting out government policy should be made in the House of Commons. We are at one in that thought. Not long ago I heard one minister in the cabinet make a statement which I thought was quite in order, and that was that while he did not want the House of Commons to become simply a bulletin board, in respect of everything to be announced, at the same time there is a considerable distinction between major changes in regulations and major changes in government policy. I am glad the government is accepting the responsibility on this occasion.

Mr. GILLIS: In making this survey will the different labour organizations across Canada be utilized?

Mr. MITCHELL: This policy was first decided upon after consultation with the national selective service advisory board, which is composed of labour organizations, farmer organizations, employer organizations, and ranking civil servants in the various departments of government most concerned. Then, as to appeal: of course the boards of referees are made up of representatives of employers and employees. I think I can assure the house that in particular industries there will be consultation with the labour organizations most directly affected. In the past they have proved very helpful.

LAY-OFF AT AIRCRAFT REPAIR LIMITED, EDMONTON —QUESTION OF REEMPLOYMENT

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I should like to answer a question asked on Monday last by the hon. member for Battle River (Mr. Fair), concerning the placement of employees laid off from Aircraft Repair Limited, Edmonton. At that time I was not able to give full information concerning the disposition of these employees. I have now received a report from selective service officials in Edmonton, giving the information for which the hon. member asked.

Between January last and May 23, 1944, there was a series of lay-offs at Aircraft Repair Limited, Edmonton, affecting 624 male

employees and 523 females, making a total of 1,147. I find that 31 men and 42 women were placed with Canada Car and Foundry Limited at Fort William; 150 men and 330 women were placed in high priority industry in the Edmonton area, and 220 men joined the armed forces. Of those who were not immediately placed in employment the men were farmers who were returned to their farms, and the women returned to homes away from Edmonton and would be placed in employment through their local offices. Edmonton office reports a total of 3,785 unfilled jobs, so that it is evident that there is no shortage of work in that area.

FISH

OUTLET FOR PRODUCTION OF EASTERN CANNERS

On the orders of the day:

Mr. GORDON B. ISNOR (Halifax): Mr. Speaker, I should like to ask the Minister of Fisheries whether, in view of the need for food in Europe and elsewhere some assurance can be given to the canners of fish in eastern Canada that they will have a guaranted outlet for their production.

Hon. ERNEST BERTRAND (Minister of Fisheries): Mr. Speaker, there is no doubt in my mind that canned flaked fish, mackerel, herring and sardines will be needed in large amounts during the coming year. My department has been pressing for a conclusion of definite arrangements whereby all such canned fish as are able to pass inspection can be procured for this purpose, and I hope that these definite arrangements will be concluded within the next few days.

WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID FOR NATIONAL DEFENCE AND SECURITY

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of bill No. 132, for granting to His Majesty aid for national defence and security.

Mr. STIRLING: Mr. Speaker, may I draw the government's attention to the fact that this order was not forecast on Tuesday evening? Certain other business was forecast at that time, but we did not anticipate that it had been arranged to go on with this first.

Mr. CRERAR: May I say that it should have been mentioned on Tuesday evening. However I understand that the leader of the opposition (Mr. Graydon) and the leader of the C.C.F., at any rate, had expressed a willingness to proceed with this order this afternoon.

Mr. STIRLING: The leader of the opposition was not in the house.

Mr. CRERAR: That is true. The information was conveyed to me that the leader of the opposition had expressed his agreement to proceeding with this order. Perhaps it was my oversight that it was not mentioned Tuesday evening. However the matter has been discussed at great length. I do not know whether hon. members wish to resume discussion.

Mr. GRAYDON: Since my name has been mentioned in connection with arranging the agenda, perhaps I should say that prior to my leaving the house early on Tuesday evening I spoke to the Minister of Finance and indicated my desire not to delay the second reading of the bill. The hon. member for Yale (Mr. Stirling) and other hon. members, however, understood on Tuesday evening that the second reading would not be proceeded with, because it was not mentioned at that time. Our arrangements have been made without taking that into consideration, because I thought the government then had decided not to go on with second reading. We left it at that.

Mr. MACKENZIE KING: Is there any objection to going on now, or does the hon. member wish to wait until eight o'clock?

Mr. GRAYDON: Perhaps in view of the misunderstanding, and the fact that the government did not mention this order of business on Tuesday evening, it should stand until to-morrow. I know some of the members were anxious to follow the government's proposal in this respect. I am sorry I happened to mention it to the Minister of Finance. It did not occur to me that what I had said would alter the situation.

Mr. KNOWLES: May I offer a suggestion? While it is incorrect for the Minister of Mines and Resources to refer to me as leader of the C.C.F.—I am only the whip—it is true that I suggested to him after eleven o'clock the other night that I thought it proper to go on with the second reading to-day. I cannot of course speak for members of the official opposition. The suggestion I would make now, if they are not ready, is that this item be called at eight o'clock.

Mr. ILSLEY: It is whatever the house wants to do, but I suggested the other night that we put it through then, and the hon. member for Yale said, "Oh, perhaps it had

better go over." I thought there was a general agreement that it would be taken up at the earliest possible moment. If it was inadvertently left off the government list, it was because of the general understanding, and I am content to take it up under the present order.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I have consulted with some of my colleagues and I think perhaps we have no special reason for delaying the bill. Perhaps we had better consent to the second reading. But I want to make just one observation before that is done.

Last session there was some criticism made of members of the house with respect to the debate on the second reading of a similar bill. This criticism by the press and the public largely centred around the fact that a huge sum of money had been passed by parliament on the second reading of a bill with little or no debate. I want to indicate to-day the importance of the country understanding that we have already spent some forty-seven days or parts of days debating these war appropriations. I think it may properly be said that diligent care and attention has been paid by the members of the House of Commons to the various items.

I think the time consumed in this debate is exactly the same time as was consumed in a similar debate last year. That debate occurred at a different stage of the house sittings, because last year the budget preceded the war appropriation resolution. But suffice it to say that approximately the same length of time was consumed. I should like to point out also that when we speak of time being consumed I think that only the minimum should be consumed in a war period. I remember well in the first session that I was in the house, in 1936, there was a substantially heavy agenda of legislation, but we dealt with only one-eleventh of the appropriation now being voted by this parliament. However, in doing that we took up almost six months of our legislative time. So that one can understand, I think, the delays which sometimes come with such heavy war expenditures, eleven times what they were in a preceding period.

I rose only for the purpose of establishing our position with respect to the question of the speedy passing of the bill. There was an arrangement in the house agreed to by all parties and groups, under which, instead of the discussion taking place on the second reading or in committee on the bill, it would take place at the resolution stage. Having said this, I have no objection to the motion. I fancy the government is anxious to get the bill into shape so that it may go to another chamber as soon as possible.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I should like to make the government's position clear along lines similar to those expressed by the leader of the opposition. It was definitely understood I think before we agreed to consider the resolution that the main debate would take place on the resolution and not on the bill. For that reason there has been wide latitude given to the discussion on the resolution which otherwise would not have been given.

I should like to take advantage of this occasion to say that I think the proper procedure in regard to all bills which are money bills should be to have a short discussion on the resolution with a full discussion on the bill. That is what was intended by the rules of the house, but this house has got into the habit recently, I think quite wrongly, of discussing resolutions at great length and then at times repeating the whole or much of the discussion on the bill itself. The resolution preceding a money bill is in the nature of a notice to the house that an important bill is coming down. It was never intended that a debate in any detail should take place on the resolution. This particular bill has been discussed on the resolution perhaps even longer than it would have been discussed on the second reading.

Mr. S. H. KNOWLES (Winnipeg North Centre): Mr. Speaker, before the second reading is given to this bill, and apropos of the remarks of the Prime Minister just now, I should like to say a word about some of the items which I referred to the other night just before the chairman of the committee of the whole asked that the committee rise and report the resolution. I suggested that there were three or four items which had not been called and the chairman felt that I was mistaken. The items to which I referred appear on page 400 of *Hansard* and he stated that they were called when we were discussing items under the Department of Transport. Since then I have made a further search through *Hansard* and I feel sure that I was right when I pointed out that there were a number of items which were not called. These items are:

Government employees compensation act—
Administration, $79,500.
Provision for contingencies, $3,732,364.
Purchase of railway equipment, $24,726,460.
Canadian Wool Board Limited, $5,500,000.

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Those items total $34,038,324. I understand quite well that when the committee reported the resolution we reported favourably on the total amount of money involved, namely, $3,650,000,000. Technically speaking, that means that the committee of the whole gave its concurrence to all that money and thereby to all the items involved. But as hon. members will recall, during the debate in the committee stage there were a number of occasions when hon. members wished to discuss matters not directly relevant to the item before the committee. A member would point out that we were really discussing the resolution which granted this total amount of money, but each time the reply was made that for the sake of convenience the total amount had been broken down into items and that it was more appropriate to stick to the various items. The house agreed to that procedure, but I think every hon. member will agree that involved in such a procedure was the responsibility to call every item.

I do not suggest that there was anything intentional about the failure to call these items. As a matter of fact I have no particular desire to discuss the items to which I have referred. But I think we should be very careful in following a procedure of this kind to see that every item is called. Despite the fact that we are accustomed to voting huge sums of money in this house I do not think we should treat lightly a sum of money which, if my observations are correct, totals more than $34,000,000.

Unless someone can show me in *Hansard* where these items have been discussed I should like to make two suggestions. The first is that when we are in committee on this bill hon. members should have the opportunity on an appropriate section to ask questions about any of the items that were not called and that the appropriate minister be prepared to answer. The other suggestion I would like to make is in keeping with what the Prime Minister said just now. I would hope that in another year, whatever government may be in power, the procedure for handling this bill will be studied before we come to it. I would hope that we might have a proper schedule, with the items properly numbered, so that what seems to have happened this time need not occur again.

This is no new suggestion; it has been made frequently during the course of this debate; but what has happened underlines, I suggest, the necessity of studying the whole question of procedure in a bill of this magnitude when we deal with it as we have, at the committee stage. This sum of money is very large. We realize that there are other things at this time which are more important than matters of technical procedure, yet I think hon. members will agree with me that when we are voting sums of money we should do it correctly all the way through, and in accordance with parliamentary practice.

Someone may suggest, as I believe an hon. member to my right said a moment ago, that we had discussed the Canadian wool board. I would remind him that we discussed under the Department of Finance an item of $500,000 for the administration of the Canadian wool board; that item is to be found on page 395 of *Hansard;* but I am referring to an item of $5½ millions which is found on page 400.

Another reply which might be made is that these items may have been called but since there was no discussion they would not appear in *Hansard*. In reply to that I would point out that, at least on pages 3578 and 3579 of *Hansard,* items were called, there was no discussion, and the items were immediately agreed to, but that agreement is recorded in *Hansard*. I suggest that if that is the case with some items, items which do not appear in *Hansard* at all were not called.

I make my two suggestions in this matter; first, that if any hon. members wish to ask questions about items which were not called, they be permitted to do so when the house is in committee on this bill; second, that close study be given to this whole procedure before another year rolls around. I offer in particular the suggestion that an attempt be made to draw up a proper schedule with the items properly numbered, as is done with respect to the civil estimates, so that we may know where we stand throughout the debate.

Before I take my seat I would like to take two or three minutes on another subject, although I shall not go into it at any length. Before this bill passes I appeal to the government in connection with a matter which comes under war appropriation and which was discussed at some length while we were in the committee stage. Perhaps the simplest thing for me to do is to ask the government, particularly the ministers concerned, to study an editorial found in the Winnipeg *Free Press* on Monday of this week, June 5, dealing with the whole question of the desirability of greater coordination of our medical services. The *Free Press* is perhaps the most pro-Liberal paper in the country, yet its criticism of the government on this score is so marked that if I attempted to read this editorial in the house I am sure I would be ruled out of order; therefore I shall not attempt it. But the point the *Free Press* makes, and has made, in fact, through the years, and the point which

some of us have tried to make in this house, is that what is important in the matter of providing the best possible medical service to our armed forces and to our civilians is not only the total number of beds, but the coordinating of the various medical services, with particular reference to specialist services. Not long ago the Minister of National Defence (Mr. Ralston) laid on the table an interesting and extensive report on this whole subject. The gist of it, as I gathered, was that an attempt should be made to arrive at a better coordination of our medical services; and the *Free Press*—which I am not very often able to quote in support of a position I may take—suggests that in view of what is now happening overseas, in view of the necessity of our being ready to provide, not just for a short term but perhaps through the years, the best medical and hospital treatment and care for the members of our armed services, now is the time to study again more seriously this whole question. I will not take longer on it, because it has been presented to the government before; it was presented a few days ago by the hon. member for Pardale (Mr. Bruce) when he asked certain questions as a result of statements made by the director of the Montreal Neurological Institute. I may say that I was not satisfied with the reply which the Minister of Pensions and National Health (Mr. Mackenzie) made on that occasion. I urge that one of the things we must do for the men now engaged in action is to make sure they have the best medical care and the best provision for hospitalization, and I hope that the government will give further consideration to this matter. We feel, notwithstanding arguments which have been put forth such as the upsetting of procedure which has been followed and the danger of establishing new precedents, that this thing has not been properly handled. I make this appeal at this stage of the war appropriation bill, raising only this point on second reading, that the government give further consideration to the recommendations in the report of the medical procurement and assignment board, and that it move in the direction of better coordination of our medical and hospital services.

Hon. J. E. MICHAUD (Minister of Transport): The hon. member is certainly labouring under a misapprehension if he thinks that some of the items to which he has referred were not called and approved in committee of the whole. On most of these items I happened to have been in charge, as they were expenditures under the Department of Transport; for example, on page 400 of *Hansard,* the item referring to Government Employees Compensation Act administration, $79,500; then the item relating to purchase of railway equipment, Canadian National Railways, $24,726,460; also, loan to the Canadian National Railways for the development of the Vermilion, Alberta, oil field.

Mr. KNOWLES: I am sorry to interrupt, but I did not include that last item.

Mr. MICHAUD: Well, the other two items were certainly called on May 16, and were not discussed, and possibly for that reason do not appear on *Hansard,* or perhaps they escaped the attention of the *Hansard* reporter. I may state that *Hansard* is not the official report of the proceedings of the house; it is the official report of the debates of the house; the journals of the house are the official report and record of what takes place in the house, as reference to rule 252 will show. If it happens that something escapes the attention or the hearing of the official reporter and does not for that reason appear on *Hansard,* that is not to say that an item which has been before the committee of the whole has not been approved or has not been passed. For that reason I state that all the items chargeable to the Department of Transport appear in the resolution and have been submitted to parliament, and the last of those items were submitted on the evening of May 16.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): The other day some questions were asked about what had been said by Major-General Pearkes in Vernon camp. The Minister of National Defence (Mr. Ralston) did not disagree with what was said then. To-day in the Montreal *Gazette* I read the report of a broadcast made by Brigadier Mess. I wonder if he is the man who was formerly appointed with Mr. Leon Trepanier of Montreal to look after the farmer's side? At any rate, he made a mess of his broadcast, and I will read it to you, sir, to show you the state of mind of that gentleman:

"Petticoat Slackers" from Army Scored in Plea for More Recruits

Ottawa, June 7. Speaking of the "vital and urgent need" for "more and more" fighting men to reinforce Canada's invasion army, Brigadier James Mess, deputy adjutant-general in charge of recruiting, to-night criticized several classes of young men who he said were waiting "God knows what for."

In an address prepared for broadcast on the "headquarters report" programme over a Canadian Broadcasting Corporation national network, Brigadier Mess said:

"I want to appeal to several classes of young men in Canada who are still waiting—God knows what for. They are to be found in industry. They are pretending that their conscience is clear because they prefer to consider

themselves as indispensable. They have been deferred for this or that reason, or are hiding away in the bush and making themselves scarce.

"I challenge each and every one of those men to stand before a mirror, look at himself and put the questions 'Is my conscience clear?' 'Am I really indispensable?' 'Should I not take my proper place at the side of my brother Canadians and let some older man, some woman, do this job that may not, after all, be very intricate or very important?' 'What shall I answer when this war is over when I am asked where did I serve?' 'What shall I say—I didn't have to go, I wasn't needed, I was indispensable behind a plough or in a factory'."

And this is said ironically by that Brigadier.

Brigadier Mess, addressing his remarks to this class of men, asked them what their wives would think of them. "Now she may deter you in a weak sort of way from doing what she knows is your sacred duty, but in the final analysis it is your decision to make. You are the man. You cannot hide behind a petticoat, whether it be your wife's or your mother's."

He added: ". . . Your decision to get into the King's uniform for general service to become trained, skilled and tough is yours to make in this hour of dire emergency."

Sir, I am second to no one in the help I can bring to the armed forces in my humble capacity as a member of parliament.

Mr. SINCLAIR: Second to no one in wasting time.

Mr. POULIOT: I will ask my hon. friend to keep quiet if he wants to be reelected the next time; otherwise he will be badly defeated.

Mr. CRUICKSHANK: That is all you care about, being reelected. What do you care whether he is reelected or not?

Mr. POULIOT: I shall reply to hon. members one at a time. I will deliver the goods to them one by one. My hon. friend knows that he is in very bad shape in his constituency.

Mr. SINCLAIR: You are the biggest single waster of time in the House of Commons.

Mr. POULIOT: The hon. gentleman's laughter sounds false.

Mr. SINCLAIR: As false as your tears.

Mr. SPEAKER: Order.

Mr. POULIOT: This is shameful. I have here another statement and I am sure hon. members will applaud this. These people are short-sighted—

Mr. CRUICKSHANK: They are not afraid to fight for their country, though.

Mr. POULIOT: I am short-sighted, Mr. Speaker; I wear glasses but I am short-sighted only physically.

Mr. CRUICKSHANK: Mentally too.

[Mr. Pouliot.]

Mr. SPEAKER: Order.

Mr. POULIOT: The other day I put a gem on *Hansard,* at the last sitting—a gem. It was one sentence that was uttered by a man who occupies an official capacity as parliamentary assistant to the President of the Privy Council.

Mr. SINCLAIR: And a very estimable gentleman.

Mr. POULIOT: I have put it on the record.

Mr. SINCLAIR: It is a reflection on you, not on him.

Mr. POULIOT: Mr. Speaker, I cannot understand the abnormal state of mind of the hon. member for Vancouver North. He has not done half as much as the hon. member for Broadview (Mr. Church) and myself for the soldiers.

Mr. CRUICKSHANK: Nonsense.

Mr. SINCLAIR: What do you think of your French Canadians?

Mr. POULIOT: You cannot feed soldiers on raspberries.

Mr. SINCLAIR: Will the hon. member permit me one question?

Mr. POULIOT: No. Mr. Speaker, this is a very serious matter. I wish the constituents of hon. members were in the gallery to see what is going on now and who are the members who are defending the people. This is not a time to make jokes. We are talking seriously about the policy of the government and of those who enunciate that policy. Let me read to you the statement that has been made by the hon. member who is the parliamentary assistant to the President of the Privy Council, otherwise known as Prime Minister. Here is what he said, at page 3592 of *Hansard*:

I deny that the job we are doing here in this parliament—

In that regard I agree with one hon. member from British Columbia who will be reelected, the member for New Westminster (Mr. Reid). The other day he said something with which I agree. I continue the quotation:

I deny that the job we are doing here in this parliament or in our factories or on our farms is just as vital as the job being done by those men who are offering their lives in France for our freedom to-day.

Mr. SINCLAIR: That hon. member has done both. What do you know about the other job?

Mr. POULIOT: I will sign a petition and send someone—

Mr. SPEAKER: Order.

Mr. SINCLAIR: You are still worrying about winning elections, not about winning the war.

Mr. POULIOT: Sir, this is shameful.

Mr. CRUICKSHANK: It certainly is, to listen to you.

Mr. SPEAKER: Order.

Mr. POULIOT: When we see some people who cannot listen—

Mr. SINCLAIR: Nonsense.

Mr. POULIOT: Now, sir, leaving aside all the frills, this is the statement made by one who was speaking on behalf of the President of the Privy Council in answer to questions put to him. He was dealing with items in the war appropriation bill and speaking with authority. I want to know if it is the policy of the government. If it is the policy of the government it will be easy to understand that the farmers and those in industry cannot expect consideration from the government. In a case like this the statement should be put on the record. I am sorry the Prime Minister is not here, but I would ask whether he approves that statement or not. That is the question. I do not want any answer to that from the deputy prime minister; I want an answer from the Prime Minister himself. I deny the deputy prime minister the authority to give the answer, to decide the case of the parliamentary assistant to the President of the Privy Council; it is none of his business, and ministerial solidarity does not go as far as that.

Mr. GLADSTONE: We will keep our soldiers supported before all else.

Mr. CRUICKSHANK: You will not be elected again.

Mr. SPEAKER: Order. The hon. member has the floor. While he has the floor he is entitled to it without interruption, and I would ask hon. members not to interrupt.

Mr. POULIOT: I hope that the Minister of National Defence will tell us if he approves the statement of Brigadier Mess regarding those who are behind the plough or in the factories. I want to know if the Prime Minister approves the statement made by the hon. member for St. Lawrence-St. George (Mr. Claxton) in his official capacity as parliamentary assistant to himself as President of the Privy Council.

The premier of Quebec has said that the majority of the Conservative opposition is composed of gentlemen who are in favour of conscription, and that is so. As to the majority of the cabinet, I do not know, and I am not going to start a Gallup poll to know the present views of each minister on the matter. But we have to know what is the policy of the government and if those who contribute to the war effort on the farm and in industry are considered as doing a useless job during this war.

I have several things to say, but I have here some cases of soldiers; I shall take them up one by one. To-day I heard the Minister of Labour (Mr. Mitchell) make a statement about man-power. He is going to speak over the radio to-night. I did not catch very well what he said from his seat this afternoon, but it is a matter of great concern. We do not know how long the war will last. Will it last one month or two? Will it last six months, a year or two years? No one knows. The head of the government, who is well informed, told us that we are facing a long war; therefore, sir, we must be prepared for it, and if everybody follows the unwise advice of Brigadier Mess there will be nobody left to look after the farm or industry.

Mr. SINCLAIR: The hon. member for Témiscouata will still be here talking.

Mr. POULIOT: Nobody to look after that. Brigadier Mess is totally ignorant of agricultural conditions and agricultural problems. He thinks that the work on the farms can be done by women and old men. A little part of the farmer's work can be done in that way. Men may milk cows, as the Minister of National Defence has done for three months, as he wrote on his registration form in 1940 that he had been milking cows. Women can do that; it is their job. But there is hard work on the farm that can only be done by able-bodied men. Everybody knows that; and everybody knows that a man who has reached fifty and who has been working continually on the farm often suffers from rheumatism and that he cannot make the same physical effort as he did before. One has only to live in the country to know that. I understand that the gentlemen who live in cities are ignorant of the problems. They think food grows on the shelves of the grocery store and that meat hangs itself on the hooks of the butcher stores. Of course, that is an unfortunate state of mind. They do not inquire about the causes of the growth of food. It is very hard work. Besides that, sir, you know that farmers go out in the woods cutting timber. I do not know how an old man or woman can do that.

I will tell you what it is: it is that in the province of Quebec—and I am not afraid to speak because my county has supplied the largest number of men to the army, the largest of any other rural county—

Mr. SINCLAIR: And the largest number of draft dodgers, undoubtedly.

Mr. POULIOT: Well, sir, I resent that. I do not care what is said about me, but I resent profoundly what has just been said by the hon. gentleman who is not himself when he speaks that way, and I will not tolerate it. When I think of the boys of Temiscouata who have been at Dieppe, Hong Kong, in Italy and Sicily, especially Major Triquet, who was there—I am sure that both those noisy colleagues of mine from British Columbia were honoured to shake his hand—and others who have died, and others who may die to-day, and some who died yesterday perhaps; I will not tolerate anyone in this chamber casting aspersions on my electors. I will tell the hon. gentlemen—honourable in so far as they are members of parliament—that—

Mr. CRUICKSHANK: What about the last war?

Mr. POULIOT: —the Minister of National Defence must have known from Major General Murchie that the eastern part of Quebec has done more than any other rural part of the country to supply men to the army. I can say that of all the other counties of eastern Quebec. But, sir, I will not be distracted from what I have to say; and if I speak for my people it is because I have no feeling of animosity toward anyone. I have not the time to waste on that. But I think of the future; I think of the Sunday before last when I went with my neighbour, who is a farmer, into the back country of my county. He is alone. He has a large farm, with cattle, horses and all that. He wanted to secure farm help. I went with him to many places, but we could not find a man to help him on his land; and when I was coming back from St. Eloi to Riviere du Loup in the private car of a railway official with Major Triquet, V.C., who had accompanied him, one of the colonels told me that my county had been denuded of men, that there was no one left, and besides that a large number of girls are in the forces; some of them are here in Ottawa and others have gone to larger cities to work in war industries. I cannot say anything too fine about my own people.

Mr. FRASER (Northumberland, Ont.): Would the hon. member permit one question?

Mr. POULIOT: Surely.

Mr. FRASER (Northumberland, Ont.): Would the hon. member concentrate and tell the house just what he is talking about?

[Mr. Pouliot.]

Mr. POULIOT: If the hon. gentleman will be kind enough to listen to me he will be satisfied.

Mr. FRASER (Northumberland, Ont.): I have been listening now for twenty minutes.

Mr. POULIOT: But I have been disturbed.

Mr. FRASER (Northumberland, Ont.): I have not disturbed you.

Mr. POULIOT: Not by the hon. member. I am satisfied now to have had this opportunity to tell the house what my people have done for the war effort in many ways.

In connection with the matter of man-power I have to complain very greatly about one thing; that is, the jingo and junker spirit which is shown by those who preach that no man does his duty unless he is in the army, ignoring completely the hard work, the suffering and the trouble of those who work on the farms, on the railways and in industry. They are all slackers, according to Brigadier Mess, the parliamentary assistant to the President of the Privy Council, the Canadian legion, and some others. One must live in the country to realize what this means. Not so long ago the Minister of Labour informed the premier of Quebec that there was no conscription for farmers. That is untrue; conscription does exist for farmers. There are two classes of farmers, those who have had no training at all and those who have had some training. To-day those who have trained even for only a short time have no chance when they appear before the mobilization boards. I have asked several questions in this regard; I have tried to learn the number of applications for draftees submitted by the army, as far as farmers are concerned, in which cases as far as my knowledge goes applications for postponement were almost always turned down by the mobilization boards, but I could not get the information. I have before me the names of many men who formerly were engaged in agriculture, lumbering, or some similar industry. I shall mention only a few. The first is E-57830, Q-39-C-1884-F; E-622,202, who was a cheesemaker; E-620546, a farmer badly needed at home; E-629045, a farmer badly needed; E-630023, also a farmer; E-555036, a man who has a mill and a farm, and who is badly needed there. These men had no chance before the board, and there are many other cases. Here is another, E-615779, a flax grower who had a degree as an agronomist, and who is now in British Columbia; he did not have a chance. Then there is the case of I. Mignault, E-627375, who was told by his commanding officer that he would be given leave. The day his leave was

to begin he was sent somewhere else; his application was never considered, though he was very badly needed at home. His father had only young children to help him, and he had to take them from school in spite of the compulsory education act and though they could not help him as much as this young man could have done. The father was ill in hospital, operated upon for a rupture. He is a good farmer, with good land and a good business, but it was not considered. He went to British Columbia; his requests were not considered. He was sent to defend that fine, beautiful province. When these men in Quebec ask for farm leave they are sent far away.

Here is the case of another man who had everything in order. He was a farmer's son who worked in the forest during the off season. He notified the unemployment insurance people and the selective service officer; he got his papers; he notified the postmaster, and then went to the forest to work. There he was arrested by the mounties, who put handcuffs on him and brought him to Sorel. That case was so bad that selective service intervened and the army released this man. This is not fair treatment for these fellows. They act according to the law; they are not conscientious objectors; they are told by selective service that wood is needed, and they go to work in the forests; then they are treated in this way.

I have another bad case, D-41583, who went to camp at Petawawa, where he was very badly treated. I tell the minister that the treatment of French-speaking soldiers in certain places, especially Barriefield. Petawawa, Camp Borden, and one or two others, is not worthy of the government. Because they do not speak English fluently, even men who have taken classical courses and have received a fine education are ordered to do fatigue work, to scrub floors, wash dishes and things like that. It is most discouraging. They can have no ambition; they are treated just as the negroes are treated in the southern states. There may be no orders from headquarters to this effect, but just the same these men are treated as though they had no right to be ambitious.

I hope the department will increase the allowances to the soldiers. They are not high enough. A room for an officer is $1.70 a day, and for a soldier it is $1.25. A room costs at least $6 for a week. Seven breakfasts at 20 cents amount to $1.40. Lunches and suppers at 40 cents amount to $5.60, making a total of $13. The allowance is $8.75, leaving a deficit of $4.25. When they try to manage with what is offered them by the Department of National Defence they have to pay $6 for a room. In the mornings they have coffee and toast, costing $1.05. Then, seven hot-dog meals cost $1.40, and seven other meals at 40 cents cost $2.80, making a total of $11.25. The allowance is $8.75, leaving a deficit of $2.50. That is when they feed themselves with hot dogs and eat only toast in the morning. This is a problem for them. I submit it to the minister, and I hope he will see to it.

There are some painful cases. These are men who are ill and deserve to be well looked after. Very often men are not examined by the doctors as they should be at the reception centres. There are many unbelievable cases. The report of the examination made by a specialist is sometimes changed by the president of the board. This has happened in some classic cases. The sergeants and the corporals find what is wrong with the health conditions of the men as soon as they report to their unit. For instance, in Quebec city the doctor in charge of the specialists is a young man of about twenty-five years who was admitted to practice in June, 1943. He is a captain. I have before me the case of E-630952, with respect to private L. P. Beaulieu, deceased. This man died when he was in camp near Quebec. He was examined by the heart specialist, who mentioned that the soldier was suffering from his heart. This was struck out by the president of the board. It is the reason the sergeant told him he was a "faker," when he complained that he was sick. When he asked for a doctor the doctor was refused him. He asked for a priest, and was told there was no need for a priest, although a chaplain was in camp. He stayed two days in bed, during which time he could hardly speak, and was finally found dead in bed. This is a very bad case. There is surely something wrong. I know the parliamentary assistant to the minister is looking into the case now, and I rely upon him to find out who is guilty, in order to protect other people. I am informed also that Doctor Trempe, of St. Sacrament hospital in Quebec city, has sent a report that the man was suffering from acute appendicitis, and was given a purge. He then died. An autopsy was performed, and they found the salt outside the bowels, in the abdomen. I have been told by some friends who are not in the army that the report sent by Doctor Trempe to the Department of Pensions and National Health was very severe.

That is not the only thing. Sometimes hon. members seem surprised that I take an interest in people outside my constituency. I have been deeply touched by a letter written me by Mr. and Mrs. Horniblow, of Toronto. They

wrote me with respect to their son, regimental number B-621503. This was also a bad case.

I have also been told that at a camp in Ontario there was the practising of jiu-jitsu, and that at that camp was a young man from the Matapedia valley. He did some wrestling with a professor of jiu-jitsu, and was strong enough to bring the professor to the floor. The professor was enraged, and said, "I will fix you up." Then they continued wrestling, and the professor turned the foot of the young man and broke it. He has been discharged from the army and will be an invalid for the rest of his life.

I have many cases, so that my hon. friends should not be surprised. I was a pioneer in defending the health of soldiers, to improve their lot. Life is much more pleasant for them, naturally, and parents have less to worry about.

Mr. SINCLAIR: I wish to ask a question. Why does not the hon. member take these cases back to the minister, without wasting the time of parliament upon them?

Mr. POULIOT: If I had done that at first I would have got nowhere. I wish to show to my hon. friends opposite, including the hon. member who has just spoken, what has happened in the army, in some cases, so that there may be no repetition. If one case is settled, it is all right for that case; but what we need is a change in personnel in certain places, so that the bad condition may be improved in a general way.

Here is the case of E-621922. This young man was suffering from pleurisy in one lung, but was admitted to the army as fit. He was of weak constitution, and while in the army contracted pleurisy in the other lung. He is now sitting in a chair, unable to work. I wish to pay special tribute to the parliamentary assistant to the Minister of National Defence, because he has done a lot to correct abuses and to improve conditions. I can remember one afternoon, however, that I mentioned similar grievances of the soldiers, when the hon. member for Vancouver North (Mr. Sinclair) was not yet back from overseas—and in passing may I congratulate him upon his share in the war, and upon what he has done for us. He has done very well, and we are glad to see him among us, provided he is a little quieter.

Mr. SINCLAIR: Provided I keep my mouth shut.

Mr. POULIOT: No. I am always glad to applaud the hon. member when he has the floor. But I remember one afternoon last year when I brought up some cases like this to lay before the house a serious grievance that had to be corrected, so as to improve the morale of the army, and keep it good. This is being said not to be unpleasant to anyone, but just to straighten everything out. You must have order in the army, you must have justice and fair play in the army in order to have things as pleasant as possible for the men. It is also important that the soldiers should be well cared for, and I would be remiss in my duty if I did other than I have done just now. It is important that these things be done in order to improve the morale of our people. For all these reasons I hope that such a condition in the army will not exist any longer and that what is wrong will be corrected in the immediate future.

Mr. JAMES SINCLAIR (Vancouver North): Mr. Speaker, I should like to apologize to you, and to any hon. members of this house who have listened to the hon. member for Temiscouata (Mr. Pouliot), for having interrupted. I did so perhaps out of unpardonable anger. Two or three days ago we heard the Prime Minister ask that in view of the seriousness of the situation the business of the house be expedited. I cannot help but think that the fighting men from Temiscouata, and I am quite sure there are many good men from there engaged in the invasion, and all the other fighting men, would not be very much pleased if they had listened to what has just been said by the hon. member for Temiscouata, who has redoubled his efforts to waste the time of parliament and obstruct legislation in this house.

Mr. J. W. NOSEWORTHY (York South): Mr. Speaker, I do not wish to delay the second reading of this bill, but I want to take advantage of this opportunity, since it will probably be the only one available, to call to the attention of the Minister of National Defence a question which I raised in committee on February 24 with regard to the amount of dependents' allowance paid to dependent mothers and the ceiling placed upon their earnings before a dependents' allowance is paid. I think the matter is important and I should like to quote what the Minister of National Defence said as reported on page 826 of *Hansard*:

> My hon. friend asks me to reconsider this matter. He makes his request of one who is most sympathetic to the mothers of these men.

It is because I believe sincerely every single word of that statement that I raise the question a second time and again make an appeal to the minister. He went on to say:

> If there are cases or situations which really justify intervention, then we endeavour to intervene.

My point is that in so far as possible the regulations should be such that it will not be necessary for any mother to have to ask the minister or the department to intervene in her special case. The minister continued:

What we are endeavouring to do is to take the place of the sons with regard to mothers' earnings.

I merely want to point out to the minister that the government or his department are not doing that so long as they limit the payment of dependents' allowances to $25. I am confident that if the matter were brought to a vote in this house there are few if any members who would thus limit the allowance paid to mothers whose dependency upon sons in the armed forces has been established. I can see no reason why there should be any discrimination, why this allowance should not be $35 instead of $25.

In the second place, I can see no reason why the government should place a ceiling of $65 upon the earnings of a mother. If a mother earns more than $40 a month she cannot receive the full $25. It is argued that the assigned pay of the son is not counted in that $65, but many of the mothers with whom I am personally acquainted are anxious to set aside this assigned pay for the sons should they be fortunate enough to be spared to return. They do not want to have to depend upon that assigned pay if they can avoid doing so.

I feel that the government has no moral right to place a limit upon the earning capacity of these mothers. Nature itself and age have placed sufficient restrictions upon their earning capacity. The government should remove this restriction so that these mothers may earn more than $40 a month without having their dependents' allowances reduced. From the correspondence I have had with him and from the interest that his department has taken in cases I have referred to them, I am confident that there is no member in this house more anxious to see that these women should be treated fairly than the Minister of National Defence. I cannot understand why this situation is allowed to prevail, and I want to make this plea to the minister to see that it is remedied.

Mr. JOSEPH ARMAND CHOQUETTE (Stanstead) (Translation): Mr. Speaker, my purpose in taking the floor at this time is to remind the government that, in spite of the protests voiced by the hon. member for Portneuf (Mr. Gauthier) against the rank discrimination of which the farmers of the province of Quebec have been the victims through rulings given by Mr. J. K. Smith, director of trucking in that province, the authorities have not taken the energetic action we might have expected from them. Protests have been voiced in the Quebec legislative assembly last week and Prime Minister Godbout himself stated that Mr. Smith was incompetent. On May 22 last, in answer to a question placed on the order paper by the hon. member for Portneuf, the parliamentary assistant to the Minister of Finance (Mr. Abbott) said:

Mr. Smith's services are quite satisfactory and he has several French-speaking assistants.

From what I shall have to say in a few moments, it can be judged whether Mr. Smith's services are as satisfactory as they are represented to us. On duty since May 1, 1942, Mr. Smith was loaned to the wartime prices and trade board by the Montreal board of trade. It is inconceivable that in a province where more than eighty per cent of the people are French Canadians the government should appoint an official who cannot and will not speak French. That man is incompetent and he cannot fulfil his duties to the satisfaction of a very large majority of the people.

As regards the organization of his office, the man in charge is a Mr. Desgroseiller, who was loaned to the board by a powerful company, the Smith Transport Co. The official in charge of the truck transportation of cream is Mr. Chevalier who, before joining the board's staff had been for seventeen years in the employ of a Montreal financial company headed by Mr. Stuart, a former director of the board, which fact shows that he has all the required qualifications for such a position. The staff supervisor, Miss Mary Chapman, has no knowledge of the French language; it is even said that she does not know shorthand or typewriting. However, she draws a monthly salary of $150.

I shall point to this house a few of the decisions taken, in order to show to what extent Mr. Smith's rulings are in opposition to the interests and the clearly expressed wishes of the farmers. In a Shefford county parish, a range has been split in two. The people who are on the right are compelled to deliver their cream to a butter maker who operates his own factory, while those who are on the left must go to the cooperative society's factory.

Some happenings may afford a farmer good reasons for dealing with a certain factory rather than with another, but this does not mean anything to Mr. Smith. He gives a ruling and the matter ends there. Another cooperative society is not allowed to collect its new members' cream on the same runs as last year. I even know that the members

have decided, at a mass meeting, to ignore Mr. Smith's rulings, because they are so absurd. Another farmers' cooperative society is not allowed to collect the cream of its members, while the owner of a factory has four or five trucks which cover the whole county. On two occasions, another farmers' cooperative society has sent representatives to meet Mr. Smith in Montreal, but it could not obtain a permit for the purchase of a truck needed for the collection of its members' cream. Those facts clearly show what kind of sympathy Mr. Smith has for the farmers, and the development and progress of the cooperative movement in Quebec are thereby greatly hindered.

Mr. Speaker, the result of such a situation is that Mr. Smith's rulings are not always obeyed and that the price board has lost all control. No wonder that the Quebec government, which cooperated with Mr. Smith's office last year, has now withdrawn its support, because of the absurdity of Mr. Smith's rulings.

I may mention another case. Last fall, Mr. Smith spent a weekend in the Laurentians, as the guest of a butter factory owner and his truck driver. On his return to the office, on Monday morning, Mr. Smith cancelled the permit that had been issued to the cooperative society operating in competition with that buttermaker.

Mr. Speaker, it is said everywhere in the province that no one may obtain a permit for the purchase of a new truck without paying fifty dollars. I cannot vouch for the accuracy of that statement, but it is heard everywhere.

Following all those acts of discrimination, the union of eastern townships cooperative societies affiliated with the Coopérative fédérée de Québec, which includes 17 cooperative societies, having been made aware of the difficulties that are now experienced in connection with trucking in rural areas, has decided, at a meeting held in Granby on May 10 last, to request the proper authorities to remedy the present situation, especially as regards the transportation of dairy products by truck.

The house can be sure that if I now protest on behalf of all farmers who have been the victims of such discrimination, it is not merely for the sake of indulging in criticism, but rather with a view to bringing the matter to the attention of responsible authorities and trying to obtain redress. Let those who are really in favour of Canadian unity first eliminate such causes of friction.

For all the reasons I have given, we demand a judicial inquiry on Mr. Smith's administration. The public is entitled to some protection.

[Mr. Choquette.]

Mr. R. W. GLADSTONE (Wellington South): I should like to support what was said a few moments ago by the hon. member for York South (Mr. Noseworthy) relative to the dependents' allowances for mothers. There are situations where a son of a widowed mother has enlisted, leaving a sister or brother to be supported in that home; likewise there are situations where the husband has enlisted, leaving the wife to care for a son or daughter. Surely these situations are identical; and while there may be variations, as a matter of general policy I cannot see that the treatment accorded by the government should be different. I would say also that the privileges relative to earning power of the mother should not in any case be different from those of the soldier's wife. It seems to me that the appropriate minister and his department could very well take up the suggestion which has been made for a more generous consideration, in some cases at least, of the dependent mother.

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

On section 2—Appropriation, $3,650,000,000, less $850,000,000 voted under 1944, c. 6.

Mr. KNOWLES: May I ask the Minister of Finance whether it is his recollection that we have dealt with the items which I was speaking about earlier to-day? I ask him particularly with reference to the items that would come under his department.

Mr. ILSLEY: I understood from what the Minister of Transport said that the item of $24,726,460 was called and passed. I made inquiries about that item myself, and was informed that this railway equipment item was agreed to without questions being raised, and is not referred to in *Hansard* but was passed. I am also informed that the same remarks would be applicable to the item of $79,500, Government Employees Compensation Act administration. With regard to the provision for contingencies I have not made inquiry, but I think that item was called and passed as well. There does not seem to be any procedure by which the Clerk can be interrogated directly in the house, but I might ask him about that.

The CHAIRMAN: On that point, if I may be allowed: I have been very careful indeed in checking and rechecking all the items that were put under the war appropriation resolution before the committee of the whole; and I know the items which were mentioned and dealt with by the Minister of Transport were checked off. The same statement applies to the item respecting wool. I vividly remember

that I called the item and it passed without discussion. I might say that I was almost astonished at this; however, it was called and considered as passed. The hon. member for Winnipeg North Centre has mentioned the fact that it is not recorded in *Hansard*. That point has been covered by the Minister of Transport; *Hansard* is not the real record of the work of the committee. As far as I am concerned I have been very careful in this matter; and I repeat, though I recognize it is not the intention of the hon. member for Winnipeg North Centre to throw any reflection on the Chair, that I have been very careful indeed to check and recheck all these items. Hon. members realize how difficult it is to deal with them all, because in some instances summaries were brought in to supply further information on items; in other cases they were dealt with in the form of the resolution as reported in *Hansard* in February last.

Mr. KNOWLES: May I explain, Mr. Chairman, following what you have said, that I made it very clear when I spoke before that I was casting no reflection on anyone. I believe the words I used were that I was satisfied that there was nothing intentional about this in any quarter whatever. But I think the comments which are being made indicate that there is no way of actually checking this; it is a matter of the memories of those concerned; there is no record of the calling of these items either in *Hansard* or in *Votes and Proceedings*; and that, it seems to me, underlines the desirability of a different and more proper procedure for this very matter another time.

While I am on feet I should say again, in reply to the Minister of Transport, when he makes the statement that *Hansard* is only a record of speeches made, that while that is correct, there are also, as I pointed out before, instances of items which were called and not discussed but which are mentioned in *Hansard*. I refer particularly to items on pages 3578 and 3579. It may be that earlier in the game that practice was not followed. There is, of course, no record of individual items in the *Journals*. In any case, I leave it as an example of the desirability of a different procedure the next time we come to this matter, and I take this opportunity again of urging that it be done by providing the house with a proper schedule.

Mr. STIRLING: I had reason to check with the hon. member occupying the Chair two or three days ago something with regard to one of the items and my attention was drawn to the fact that each item in front of the Chairman is initialled as it is passed.

Section agreed to.

On section 3—Government may act as agent.

Mr. NOSEWORTHY: Can the Minister of National Defence tell us whether any further consideration has been given, as he indicated would be given, to the question I raised a few moments ago?

Mr. RALSTON: I can say that the matter is having study along with a number of other matters raised in connection with the work of the dependents board and the trustees dependents' allowance board. I cannot say anything further at the moment.

Mr. FAIR: May I ask whether officers of equal rank in all forces are getting the same pay at the present time. I do not want to hold up this bill; but since the estimates were before the house on a previous occasion, I have been advised that officers in the army and air force at headquarters receive fifty cents a day which is not paid to officers of the navy.

Mr. ILSLEY: Probably I am not the one who should answer the question; there are three defence ministers. I may say, however, that from the beginning of this war to the present time there has been application after application to equalize the position as among the three services. It is something that goes on endlessly. It is impossible to say when the rank is exactly the same as between persons in the army and in the navy and as between either and persons in the air force. The circumstances vary; all sorts of considerations vary. Claims are continually raised by one or other of the services that in some particular rank or position certain persons are getting a a little less than somebody who is of no higher rank and who happens to be in another of the services, and the treasury board is called upon time after time to try to equalize the position. I should be surprised if inequalities amounting to anything now prevailed.

Mr. ROSS (St. Paul's): In answer to a question of mine in the course of the debate the Minister of National Defence said that some consideration was being given to the rehabilitation allowance and clothing allowance given to soldiers on discharge. Is that under review at the present time?

Mr. RALSTON: Yes, it is.

Mr. FAIR: Perhaps the question to which I have just referred has been rectified since it was brought to my attention. If not, it would seem that the navy has a claim. If staff headquarters officers are receiving a certain rate per day, the men of the naval service are entitled to it as well.

Section agreed to.

Sections 4 to 6 inclusive agreed to.

Section 1 agreed to.

Bill reported, read the third time and passed.

FARM CREDIT

LIMITED GUARANTEE OF BANK LOANS FOR IMPROVEMENT AND DEVELOPMENT OF FARMS

The house resumed from Tuesday, June 6, consideration in committee of the following resolution—Mr. Ilsley—Mr. Bradette in the chair:

That it is expedient to introduce a bill to encourage the provision of intermediate term and short term credit to farmers for the improvement and development of farms through bank loans, guaranteed with limitations, by the crown; moneys payable under the act including expenses of administration to be paid out of the consolidated revenue fund.

Mr. ROSS (Souris): While I think the principle of the proposed bill for guaranteeing individual farmers up to a maximum of $3,000 may be a step in the right direction, yet at this stage I have one or two observations to make and some questions on which I desire some enlightenment. When the parliamentary assistant was completing his argument on March 14 on the Industrial Development bank bill he said:

I find it a little difficult to see why the credit requirements of agriculture should be so different from those of industry that they should require a government central farm bank to operate in cooperation with private lending institutions.

The parliamentary assistant thought these two desires were very much in common at that time. In the first place, I believe that legislation with respect to floor prices for agricultural products have a great deal to do with the success or otherwise of this proposed bill, and I think it is unfortunate that the proposed legislation has not been before the house earlier than this. Had it been, it would have been very useful, when this proposed bill is being considered by the banking and commerce committee, which I believe is the intention. These two will be very closely associated if this proposed bill is to mean anything to agriculture.

If farm credit is to be on a sound basis the interest rate should be considerably less than five per cent. Many farmers are to-day receiving credit from the banks at five per cent. True enough, credit was not procurable at this rate of interest in many sections of the country some years ago, but many good farmers to-day are procuring such credit at five per cent. I have not been able to learn yet why it is necessary to have a separate industrial bank, supplementary to the activities of the existing lending agencies, while this proposed bill is for a limited guarantee of farm credit through the existing chartered banks, as I have pointed out; and the parliamentary assistant expressed himself similarly in winding up his argument on the industrial bank on March 14.

I am not able to recollect whether any suggestion as to interest rate in connection with the industrial bank has been mentioned. If the minister could enlighten us in that regard it would be appreciated. I should like him to tell us what the proposed rate of interest will be in that connection because it has a bearing on this bill. I have pointed out before that the Veterans' Land Act does provide an interest rate of 3½ per cent in connection with land for these settlers.

This proposal to guarantee the banks is really just an extension of the provisions of section 88 of the Bank Act. In my opinion that is all it amounts to. I know personally a number of old people with substantial farm homes in areas where the Canadian farm loan board would not lend money a few years ago. These old people found it necessary to apply for old age pensions. These pensions are now a lien against these farm homes and in some cases the farm is now operated by the younger members of the family. I would ask the minister whether these people now operating these farms will be allowed the credit guaranteed under this proposal for home improvements while the lien applies against the farm home. I would also ask him whether this guarantee of ten per cent will cover the total loans of each chartered bank or each branch which carries individual loans or the individual loans themselves.

I have heard arguments about the interpretation of the wording. It is pointed out in the minister's statement that:

It is proposed that the guarantee should be effective in respect of a maximum of $250 million of loans made within a period of three years. Apart from this over-all limitation on the government's liability, there will be provision for termination of the guarantee after due notice on loans in any particular category or made by any particular bank. This will ensure effective control over lending operations.

I am not very clear on that. For instance, there will be quite a number of loans taken out and loans may be repaid in a very short time. I wonder whether those loans will be included in the total, or whether it is the total over the given period, or whether it might be pro rated eighty-three and a third million dollars a year. On that point may I say to the minister that when we entered the war there

was a backlog of requirements of farm implements alone of $200,000,000. I am sure it will be all of $250,000,000 now. In fairness I do think many farmers will not have to take advantage of this guarantee in order to purchase implements, but we have been slipping away back in requirements of farm implements every year during this war and there will be a tremendous amount of money required for that alone, apart from the fact that there is a very great need for an improvement in live stock in this country.

With respect to live stock, I was surprised to note that in this great dairying province of Ontario butterfat production among Holstein cattle alone had declined on the average from I think 3·3 to 2·6 per cent over the past period of some years. I was amazed when I learned that. It certainly proves that we have to do something about the improvement of live stock. Many people in the west have never had an opportunity to procure better type sires to improve their stock, as they should have done.

A question was asked the other evening as to the interpretation of what was a farm. The minister said:

> It is intended that a farmer shall mean a person who is in possession of a farm, and whose principal occupation consists of farming such farm. Then "a farm" is defined to mean land used for the purpose of farming, which term includes live stock raising, dairying, fruit growing and all tillage of the soil.

This brings to mind the fact that in past years many difficulties were encountered in the administration of the Prairie Farm Assistance Act as to just what was considered a farmer by the treasury board. Many payments were held up at times because of the difficulties connected with a proper interpretation of what was forthcoming from the treasury board. I trust this matter will be very carefully taken care of in the drafting of the bill, because it is most important and many unnecessary inconveniences have been created.

As I said, I think this bill is a step in the right direction. I am sorry that we did not have the bill before us, but there was some little misunderstanding the other evening between the minister who was leading the government and others as to where we could properly ask questions. I did not want to lose the opportunity to raise the questions which I have asked of the minister. I hoped in the earlier discussions in the house when the proposed legislation with respect to agricultural credit was mentioned, that it might have been on a broader basis which would permit many agriculturists to rewrite their obligations at a lower rate of interest. I realize that we have other measures such as the Canadian farm loan board. I think they make provisions for loans on lands and chattels. The minister has pointed to the success of the national housing plan. Might I remind him that in most sections of rural Canada, in the west at any rate, that plan never applied, and there is a great need of something of that kind in the rural sections. Therefore the success of this measure can hardly be based on the success or otherwise of the national housing plan.

I trust I may have an opportunity to ask further questions when the bill is before us, but I should like to have an answer to the questions I have already asked, if I may.

Mr. WEIR: The resolution which is now before the committee on which the bill is to be introduced later is a proposal for a measure that has for some time been looked for by Canadian farmers. If we understand the intention of the government with respect to this measure I think it is to fill a need in agriculture that has been looked forward to for a long time.

The principle of the bill, as I understand it, is that loans are to be made for improvements on farms, taking in practically all activities of the farm, but more particularly having in mind improvements with respect to buildings, machinery, fences, live stock, improved seed and even buildings such as homes and other permanent structures. I note that emphasis has been placed on electrical equipment. Electrical equipment is one thing farmers are looking forward to with particular interest at this time. If that is what is intended by this measure then it can be considered as filling a place that has been needed for some time. The rate of interest is five per cent. I understand that repayments are to be made on a basis that will be suitable to the particular type of agriculture for which the loan is being made. That is one of the important things that should be kept in mind—the obvious ways and means over a widespread type of agricultural activity either by regulations or otherwise that will permit the type of repayment suitable to the particular industry that is being undertaken.

I point out, however, in considering this measure which is to be administered through our regular chartered banks, that there is a little difficulty in this country in the service which this type of loan will give to certain communities. We have not been doing very much to increase the banking facilities, particularly in western Canada. In fact there has been a substantial reduction in the number of banks in the west. I find in the report of the reconstruction committee that this is substantially the case and that our banks have

been reduced from 4,620 in 1920 to 3,300 in 1941. Our banking facilities are largely centred in the larger towns and cities. I wonder whether the minister has taken into consideration the outlying areas where banking facilities are not provided by our chartered banks as they exist at the present time. That is one matter to which consideration should be given. The other point to which consideration must be given is with respect to the administration. I quite appreciate that loans of this kind will depend a great deal upon the personal element, both from the point of view of the encouragement given by the bank manager to these loans and from the point of view of the individual who may borrow under this scheme. I do not know what the minister has in mind, but I hope he can draft some sort of regulation that will meet this problem, because it is going to be one of the most important that will have to be considered.

As the hon. member for Souris has already pointed out, the farmers are supplied with one type of credit through the Canadian farm loan board; that is long-term credit and, in some cases, short-term credit as well. I do not think we should get away from that system for the more substantial, permanent requirements of agriculture; that is, having long-term loans repayable on an amortization basis over a period of years at a rate of interest as favourable as that provided in this measure. The other type of credit that has been available in the past, of course, has been whatever loans farmers could make from their banks. I take it that the credit now proposed is to fill the gap between these two, and to take the place of the credit previously provided by merchants, lumber dealers, implement dealers and people of that kind. I point out that this is a new avenue of approach with respect to legislation of this type, and I believe it should commend itself favourably to agriculture.

Some people may ask whether this type of credit is needed at this time in the history of Canadian agriculture. In that connection I should like to make just two references. One was made by the minister in introducing this measure the other evening, namely, the report of the agriculture committee on reconstruction which, after making a general survey of the needs of agriculture, in the closing subparagraph recommended:

> That the dominion government make a careful survey of the schemes for providing short-term and intermediate credit now in force in other countries, with a view to making provision for adequate credit at low rates of interest to deserving farmers, using as far as possible existing facilities, including the chartered banks of Canada.

[Mr. Weir.]

I presume that recommendation was brought forward after very careful study, and after hearing representations made by a large number of people. If the policy can be made to operate successfully, using the banking institutions, as we hope it may, then we shall have the advantage of not being required to create any additional facilities for this purpose. I find also that in the spring of this year, in the representations made to the government, the Canadian federation of agriculture also referred to this matter, and I should like to read part of the introductory paragraph dealing with farm credit:

> The first is the subject of farm credit. The international food conference at Hot Springs recognized the importance and necessity of adequate credit facilities in any soundly conceived programme of farm improvement. It recommended that every effort be made to ensure an adequate supply of credit for agriculture at low rates of interest.

I point out that the Canadian federation of agriculture, which takes in all the farm organizations of Canada, not only adopts this recommendation as its own but refers to the conference held at Hot Springs early this spring, which would indicate that the need for credit of this kind apparently is recognized even outside our own country. Then, after some reference to the work of the Canadian farm loan board, and the possibility of reconsidering the introduction of the central mortgage bank, the federation goes on to recommend:

> That a plan be developed suited to the nature and requirements of agriculture in Canada for short-term and intermediate loans. In this connection it must be remembered that there has been a steady reduction in the number of branches of chartered banks in Canada. At present, for example, there are only 170 branches in the whole of the settled area of Alberta. After taking into consideration the numbers in the cities and larger towns, it is evident that such a number cannot adequately serve such a large area. The very nature of farm production in Canada makes short-term and intermediate credit a necessity in the post-war years.

I merely mention this to indicate that the Canadian federation of agriculture have been urging the adoption of a policy which would provide a type of intermediate credit. In the pamphlet they have sent out, dealing with their activities as an organization, they make further reference to the need of some type of short-term or intermediate credit.

There is no doubt in my mind that during the period of transition from war to peace agriculture will afford a great deal of employment and a means of rehabilitation, so that anything we as a parliament can do to assist agriculture undoubtedly will help our rehabilitation programme. I doubt if

there is a farmstead in Canada which does not need repairs of some kind. Buildings require paint; fences need repair; new buildings are necessary. Then when we look at the other side and see the encouragement that has been given to the use of electrical equipment on the farm, I think we begin to realize the importance of a measure of this kind. I would point out that in regard to the purchase of new equipment alone agriculture will be of great benefit as far as employment is concerned, which in turn will be of untold advantage in stabilizing agriculture itself.

A moment ago I mentioned that to a degree at least the credit facilities largely used in agriculture in western Canada have been provided by implement companies, lumber dealers and country merchants. The hon. member for Souris referred to the backlog of agricultural implement requirements in 1937, at which time it was estimated to amount to more than $200,000,000, plus an annual requirement of about $50,000,000. That situation may have improved to some extent in the years following 1937, but I doubt if it can be very much better to-day because of the shortage of farm implements due to war conditions. Therefore I believe that we have at the present time in this country a very great need for new agricultural implements, which doubtless will be the reason for a great many loans of this kind.

Just here I should like to say one thing to the minister, to which I hope he will give particular attention. I go back to the inquiry in 1936 and 1937 into the cost of farm implements. One of the matters particularly looked into at that time was the cost of credit sales and collection costs by implement companies in connection with the sale of farm implements, and a great deal of criticism was expressed. I do not wish to repeat the figures which were quoted at that time; I do not think they would be applicable to-day, and for that reason might be misleading.

The committee ended its report by stating that the cost of credit to farmers purchasing farm implements on time is excessive, and that the companies—meaning the implement companies—should take immediate steps to reduce credit charges. My point is this, that if through this measure the government is to provide a type of intermediate credit, and assume a risk through a ten per cent guarantee to banks, then the implement and lumber companies, and those who have provided goods to farmers on credit and who now have the advantage of this type of credit, should be called upon to reduce their distribution costs as far as possible. I say that because they will be able to do business on a cash basis without much risk.

So I say to the minister that in this regard I think he should go a long way, if there are no other means available, towards putting it up to implement and lumber companies, the two groups which will likely receive a very large share of the advantage from this type of credit, so to adjust their businesses that will reduce their cost to a lowest possible minimum for the advantage they will secure under this type of credit.

The same applies to suppliers of electrical equipment. In Manitoba at the present time we have under way a survey for the extension of the hydro electric system of that province to a greatly enlarged area. This measure should assist in the development; I hope it will. If it does, I believe a further step should be taken to see that the goods so provided will be provided on the basis of a cash sale, with the lowest possible cost to the farmers concerned.

I note with satisfaction, too, that this measure is to provide loans which will permit even the building of a house up to a value of $3,000. Here I believe is an opportunity to offer a suggestion which in my view would go a long way toward assisting in the stabilization of agriculture, particularly in western Canada. My suggestion is to encourage the building of a second home for hired help on many of our western farms. There is no doubt that hired men have been more or less transients in western Canada. They have summer employment, but they have never been given a permanency such as an industry like agriculture should provide for its workers. I believe that the hired man has not been treated as well as he should have been, and that as a result the industry has suffered because of its not being able to maintain in employment experienced labour. I therefore offer this suggestion in the belief that it would be a permanent development and should be given sympathetic consideration, so far as the regulations and other governing factors in connection with these loans are concerned.

The same should apply with respect to water development in farm homes. However, at the moment I shall not deal with that feature in detail.

Another point which I suggest should be kept in mind when dealing with this measure, and one which I believe would be of great assistance, is that connected with the cooperative movement. Cooperative movements in western Canada have been making sound and rapid progress. For the most part they have operated in a wholesale of bulk type of business, but they are rapidly entering the retail field. There is no doubt at all that these cooperative organizations have demonstrated that they have lowered many of the costs of

distribution. Some of them are trying to get into the farm implement business, and I hope they succeed. In the type of business they have undertaken they have, in my judgment, reduced substantially the costs of distribution and, for that reason, should be encouraged. So that, in so far as this type of credit may be made available to people who are associated with cooperative organizations, I think it is commendable.

I am also wondering with respect to our credit union movement, which is also a wide and, I think, a sound development in many areas. It does not, of course, cover the western provinces to the extent of providing the general credit facilities that would be required. Nevertheless the credit unions have made fairly rapid progress. Their idea is partly one of thrift; but on the other hand they are also providing a type of community credit which is of particular advantage to the communities using it. I hope the type of credit indicated in this measure can be made to fit in with the type I have just mentioned, because I believe there is something in common between them, and something which should be encouraged.

I have no further suggestions to make to the minister at the moment, except to point out again that in my view this is a measure which will fit into a place for which there is a need. It will fit into a place between the long-term loan, such as is given on a farm mortgage, and the short-term seasonal borrowing. If we are to have this type of credit to meet the intermediate needs of agriculture, I think it is desirable. This is just another example of making national credit available to meet the needs of a certain branch of agriculture—national credit, in the first instance, through the Canadian farm loan board, and now national credit by way of a guarantee of this type of intermediate loan.

I think, when one considers what has been made available to agriculture, it will be realized that considerable progress has been made in meeting its credit requirements. When one reviews the situation, particularly as it obtains at this time, one cannot help realizing that the credit facilities now offered are much more readily available to meet the needs of the industry than they were heretofore. I point, for instance, to the Canadian farm loan board. I look, as well, at the wide development of the credit union movement. I look at the wide distribution of victory bonds, a further evidence of the available credit and now this new type of intermediate credit. So that, if, along with these credit facilities we can develop added security, through the establishment of floor prices, the credit needs of agriculture should be pretty well taken care of.

At the same time a word of caution might be voiced. I am not one who thinks we should take steps to give an endorsation or an invitation to go out on a borrowing expedition, merely for the sake of borrowing. To my mind debt is a serious thing, and so far as possible should be avoided. So that while this measure is desirable and needed, it should not be taken as an invitation for farmers to go into debt. That is not the intention of the measure. I desire to commend this legislation, because in my view it will fill a place of great importance in the post-war period in helping to establish agriculture on a sounder basis.

Mr. DORION: Mr. Chairman, the first observation I should like to make is closely connected with one of the questions raised by the hon. member who has just taken his seat. I should like to know what will happen in the case of farmers in remote areas, such as I have in my constituency. In many of these places there are no bank branches, and I contend that these farmers should be helped just the same as those living in other places. This bill should provide relief for these farmers.

There is another matter I should like to take up. The minister told us the other day the purpose of this bill, and I quote from page 3608 of *Hansard* as follows:

> With this in view, it is proposed that the guarantee should apply to loans made for the purchase of farm implements and farm equipment, for rural electrification, for the purchase of live stock, for fencing and drainage, for the repair, alteration and construction of farm buildings and for other farm improvement purposes that may later be specified in the regulations. The categories are very broad and include nearly every kind of permanent improvement to a farm or farm home.

Will loans be made to farmers for purposes other than those mentioned by the minister? For instance, when spring comes around, many farmers need money with which to buy seed and fertilizer in order to carry on until the fall. I know many of them borrow a few hundred dollars which they pay back in the fall, and I should like to know if this scheme will provide for small loans like that.

Mr. ILSLEY: Mr. Chairman, I will deal with the questions that have been asked in so far as I can remember them. The hon. member for Souris (Mr. Ross) asked if I could give the rate that would be charged on money borrowed from the Industrial Development bank. No rate is specified in the act and the rate will vary with the risk and type of loan. The hon. member asked whether the

advantages of this legislation will be available to those occupying farms on which there are liens with respect to old age pensions. The answer is yes; the advantages of this legislation will be available to the occupants of those farms. This does not mean that everybody who comes to the bank for a loan will automatically get it. That will be a matter for the judgment of the bank. It is hoped that the fact that the government is assuming part of the risk will make for freer and wider lending for these particular purposes than the banks have been prepared to enter upon up to the moment.

The hon. member for Souris also asked whether $250,000,000 is all that may be lent, subject to the guarantee provisions of this measure. The answer is in the affirmative. The banks may not expand that to the extent of the repaid loans. That is, if they lend $250,000,000 and $100,000,000 is paid back within three years, it would not be considered that they had lent only $150,000,000; it would be considered that they had lent $250,000,000. That is a lot of money, but if the plan was working well and the money ran out I assume that future parliaments would take such steps as they thought were in the public interest to increase the amount available.

Mr. ROSS (Souris): There was the question of whether the guarantee applied to a bank, like the Royal Bank of Canada, or just to a particular branch or to an individual.

Mr. ILSLEY: It applies to the bank, not to the branch.

Mr. ROSS (Souris): Ten per cent of their total loans?

Mr. ILSLEY: That is right; ten per cent of the total loans.

The hon. member for Macdonald (Mr. Weir) expressed the hope that in districts where branches have been closed down or where there are inadequate facilities, necessary facilities will be supplied. I cannot give any undertaking on behalf of the banks. I dealt with this matter in the speech I made on the Bank Act, and I quote from page 2556 of *Hansard* as follows:

> It also seems to me the reasonable expectation that the banks will only be too ready to reopen branches in any community where there is any prospect of the branches being self-sustaining.

If as a result of this legislation the banks are able to increase their business and have a prospect of doing a reasonably profitable business, I am quite sure that there would be every reasonable expectation that they would establish branches in those communities where they have been closed or where branches are not now established.

The hon. member for Macdonald expressed the hope that one result of this legislation would be a reduction in the cost of agricultural implements. That is our hope and expectation. The cost of credit for the purchase of agricultural implements from the implement companies is higher than the cost of credit to be extended under this measure. It is expected and believed that one of the most beneficial features of this measure will be the reduction in the cost of credit for the purchase of agricultural implements.

The hon. member for Macdonald also expressed the hope that credit would be made available for the building of homes for hired help. That is an objective we had in mind, an objective which I think will be attained.

The hon. member for Charlevoix-Saguenay (Mr. Dorion) suggested that something should be done to bring the advantages of this legislation to farmers who live in districts far distant from bank branches. I do not know what can be done and the hon. member has made no suggestion. He will have to deal with the bank in that connection. As I say, he has made no suggestions.

Mr. DORION: We will make some when the bill is before us.

Mr. ILSLEY: I shall be glad to receive them. Money for seed is normally obtained on a short-term loan and no further facilities are required. For the most part the type of loan contemplated under this legislation is the intermediate loan, the loan which, as the hon. member for Macdonald said, comes between the short-term and the long-term loan which is secured on real estate, the ordinary mortgage loan.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. BRYCE: The two hon. members from Manitoba who preceded me have asked some questions I had intended to ask, and the minister has already answered them. I should, however, like to know whether the minister intends to include a crop failure clause in the bill which will shortly be introduced. Such a clause is absolutely essential. Because of the troubles which the western farmer has experienced, not only in the distant past but right up to the present time, he has had to pay some small loans three and four times over. The situation which the minister mentioned with reference to cream separators is pretty well taken care of to-day by the

farmer himself, by the establishment of credit unions; but so far as other loans are concerned, which are perhaps a little larger and extend over some time, I am sure the minister understands the difficulty a farmer finds himself in when, having agreed to pay for something in three years, he gets two bad crops in succession, and has nothing with which to pay, no matter how anxious he is to meet his debts. There should be added to the proposed bill or incorporated in it a crop failure clause whereby things would stand until a crop comes along.

Regarding interest rates, I am disappointed that the figure of five per cent has been mentioned. Mr. Donald G. McKenzie, of Winnipeg, speaking before the reconstruction committee, asked for adequate credit at low rates of interest to deserving farmers. To-day I or any other farmer in Manitoba can go to a bank and get credit at five or six per cent.

Mr. ROSS (Souris): Five per cent.

Mr. BRYCE: This part of the measure will be of no advantage unless the interest rate is lowered. I do not know what amount of research the minister has done into conditions in other countries which have established cheap agricultural credits; but, as Mr. McKenzie pointed out, it is essential that we have cheaper credits, or service at cost, the government providing for what profit is necessary. The minister said that "earnings must be sufficient to cover the bank's costs of operation and to give them an incentive to go out after business." The banks are to have their profit first.

The minister also said that this is a thorny problem and that the government intends to initiate discussions with the leading companies at once so that suitable agreements can be worked out in advance of the coming into force of the act. The minister there refers to the agricultural implement companies and the banks. I am sure that these organizations not only see the writing on the wall, but see it in neon lights—that the farmer, by organizing and building up more and more strongly his credit unions, is going to be a menace to the banking system in the operation of short-term credits. The implement companies at the same time see the threat of Cooperative Implements Limited coming along after the war. No doubt the banks and the implement companies are anxious that legislation of this kind shall go through.

I ask the minister, where do tenant farmers come in on this list? Most of them are men who lost their farms in the thirties and are anxious to be reestablished in the various provinces. I understood the minister to say some time ago that a measure would be introduced to cover the case of farmers and fishermen. Will the farmer who fishes in the winter come under this measure, or will he have to wait until the legislation with respect to fishermen becomes law?

Regarding live stock, I hope that when the arrangements are put into motion they will apply not only to pure bred live stock but also to grade animals; because it would be all right for sires to be pure bred, but so far as dairy cows are concerned it would have to apply to grade animals.

Those are all the questions I have at this time, although I may speak on this subject at a later date.

Mr. ILSLEY: There is no crop failure provision in the bill as drafted. That matter can be considered by the banking and commerce committee. I do not know whether such a provision would be practicable or not. I think it is a matter which would have to be provided for by regulation under the powers to be conferred by the bill rather than by a provision of the bill itself.

Another question was, does a farmer come under this legislation if he fishes in the winter? I think the definition of "farmer" would be wide enough to cover that case. The bill will be before the house, of course, after this resolution goes through.

The hon. gentleman also asked whether the tenant farmer would be eligible for the loans to be made under this measure. The answer is that if he is a dirt farmer he will; and that raises a very important question of principle, because we have gone that way rather than the other way in the bill; we have provided that the occupier rather than the owner of the farm will be entitled to the provisions of the bill. That shuts out the landlord and lets in the tenant.

The hon. gentleman made some other observations, but so far as I know those are all his questions.

Mr. CHURCH: While I support the principle of this measure for the provision of intermediate term and short-term credit to the farmers of this country, I believe it would have been better if the minister had not written it into the Bank Act. In my opinion the proposed bill will be serviceable in a great many cases, but it looks to me as though the guarantee principle of ten per cent will make the chartered banks of this country a farm development finance corporation. Every good citizen has always supported very liberal terms for the farming community, protection all along the line; measures such as the Farmers' Creditors Arrangement Act, and

many other forms of assistance, through bonuses, subventions and subsidies, have commended themselves to the country. The provisions of the Farmers' Creditors Arrangement Act were afterwards applied to fishermen. I contend that the measure now before us should also have included provisions for industrial workers. The experience of the minister has borne out what I felt from the start would be true as regards the home improvement loans, of which the banks advanced $55,000,000 from November, 1936 to October, 1940. The government guaranteed up to fifteen per cent, but in fact every dollar was paid. It was a very wise proviso, and I hope it will now be extended because it is of particular value in urban and suburban areas, whereby also financial aid by the banks was promised for the stocking of fuel by consumers, the consumers placing orders with the coal dealers and the bankers advancing the money repayable each month. That has been a magnificent success; there has been only one bad debt. The minister gave a very fine statement on Tuesday night as regards these new forms of loans.

As hon. members know, I have contended for many years that there has not been very liberal treatment to the man who has a small retail store which is subject to war-time controls, or to the small manufacturer or small wholesaler. I have very little hope after the discussion in this chamber that the proposed industrial bank will ever meet the situation so far as the retailer, the manufacturer and the wholesaler who are in a small way of business are concerned.

I am sorry that the minister has not seen fit to announce a liberal extension of the Home Improvement Act. Thousands of houses are needed not only in the urban and suburban areas but in the country as well, and we are not going to catch up with the shortage unless we do something definite about it. When this measure goes to the banking and commerce committee I should like to see this matter considered so that arrangements can be made for small house building on a long term policy for advancing money through the banks or by means of some amendments to the Home Improvement Act, whereby an equivalent amount of $250,000,000 could be provided for a period of from three to five years, for the purpose I have indicated, as the government is providing under the amendments to the legislation before us.

At page 3608 the minister said:

> For these reasons it is proposed that the guarantee should be effective in respect of a maximum of $250,000,000 of loans made within a period of three years.

I should like to see that extended to take in small houses for soldiers, and white-collar workers and industrial workers, a large number of whom are soldiers, so that they might be enabled to acquire small houses under the Home Improvement Act, at a reasonable rate of interest of 5 per cent. The minister said further at page 3609:

> It is interesting to observe that the subcommittee on agricultural policy of the advisory committee on reconstruction, headed by Donald G. McKenzie of Winnipeg, in its final report recommended:
>
> "That the dominion government make a careful survey of the schemes for providing short-term and intermediate credit now in force in other countries, with a view to making provision for adequate credit at low rates of interest to deserving farmers, using as far as possible existing facilities, including the chartered banks of Canada."

I quote again from the minister's remarks, at page 3608:

> First, as to purpose: the object of the scheme is to provide the credit needed by farmers to increase the efficiency of their farming operations and to enable them to make their farm homes more comfortable and attractive. With this in view, it is proposed that the guarantee should apply to loans made for the purchase of farm implements and farm equipment, for rural electrification, for the purchase of live stock, for fencing and drainage, for the repair, alteration and construction of farm buildings and for other farm improvement purposes that may later be specified in the regulations. The categories are very broad and include nearly every kind of permanent improvement to a farm or farm home.

Then he goes on to speak of eligibility for loans. I submit that instead of writing paragraphs f, g, h and i, of subsection 1, into the new Bank act, the same arrangement could have been made, as in the case of the home improvement act, and the same purpose achieved by making an agreement accordingly with the chartered banks, which are now before parliament seeking a ten-year renewal of their charters.

I am glad to see that something is being done with regard to the electrification of the farms. One of the greatest achievements of the Ontario hydro electric scheme, under Sir James Whitney and Sir Adam Beck, was that it brought the joy of living to the farmers of that province through the electrification of the rural areas. In Sir Adam Beck's own barns, on almost the first power secured, I saw the use of electricity fully illustrated. As I say, the electrification of the farms in Ontario brought to the farmers the full joy of living that electricity gave to the people in the cities. Now that that has been accomplished on a large scale in Ontario with rural lines by direct subsidy, the rural sections of the province have been given at very low cost electrical service for all the requirements of the farm.

I am sorry to see the proposals with regard to the Bank Act so far as real estate is con-

cerned. I refer particularly to sections 82 and 88, the latter being amended by this particular resolution. By section 82 it is provided that no bank shall hold real estate or movable property except such as is required for its own use. The building must be commensurate with the size of the business, and no bank is allowed to erect a building of thirty or forty stories. This provision, however, is circumvented by having some lawyer draft an agreement for some kind of holding company, indirectly and, as I said, illegally. In that way the section is got around. By section 82, with regard to real estate, any bank property such as I have described is held for seven years and after that it reverts to the crown and anyone can bring action to have that section enforced. But there are large buildings and skyscrapers all over Canada.

As regards section 88, I think it is very dangerous to open up the Bank Act to the extent proposed. We have the Macmillan report for guidance, and I can find in that report nothing that would justify the very wide open door we have here. Many of the provisions of the proposed legislation will alter the whole basis on which these loans are made. In Toronto there are seventeen trust companies, many loan companies and corporations, insurance companies, the chartered banks and the shark loan companies. Under this legislation I should like to see every industrial worker, small retailer, small wholesaler and small manufacturer given some relief from the system of shark loans. I should like to see the shark loan companies wound up and liquidated and the work they are carrying on transferred to the chartered banks or the industrial bank or come under a new measure like this one, or under the Home Improvement Act, so that there might be equality of treatment as between farmers and urban and suburban workers and the small manufacturer and retailer, in regard to credit. If that were done there would be no more two per cent per month, or twenty-four per cent per annum, for all these small people to pay. The shark loan companies are exploiting the small man, and I submit that we should also do everything in our power to protect from these agencies the soldiers who are coming back. I suggest that an agreement could have been made with the banks.

I hope the banking committee will consider what I have said here and elsewhere many times and put the people to whom I have referred on a basis of equality with other classes in the community, who are now preferred. There is one thing about the present Minister of Finance, and I will say this in his favour. I am glad to see that he has not overlooked committees of the house, as the Minister of Munitions and Supply (Mr. Howe) does. That minister seems to be a law unto himself when it comes to some of the bills in which he is interested. The Minister of Finance, on the other hand, is quite willing to meet a committee of the house and he does not mind having the proposals of his technical officers examined by any committee. Not so the other department to which I have referred. The rules of the house should be amended accordingly to apply to all such large proposals.

I will say this in conclusion, that there is great demand that something be done by the banks and by the government in connection with housing, including the farms. Under the definition of land everything is included up to the sky—buildings, farms, everything else. No doubt the same definition will be given under the amendments to the act. I venture to say that when some of those loans are applied for, the chartered banks will insist, under section 88 and others, on collateral security. They will insist that agreements for sale, mortgages and other forms of collateral, such as deeds and insurance policies, be deposited with them, so that in the event of the loan not being paid those deposits can be liquidated. I believe that will prove to be so, and it will be so in so far as the Industrial Development bank is concerned.

When the committee considers this measure I hope that it will consider whether we should open this door wide open for real estate investments by banks and make what should have been arranged by agreement, part of the Bank Act. Once this gets into the Bank Act you will never get it out; it is there to stay. In any revision ten years hence paragraphs (f), (g), (h) and subsection 1 and so on included in this measure will remain.

Mr. BLACK (Cumberland): I am in general agreement with the purposes of this legislation and I wish to commend the minister for introducing it. I think all parties are in agreement with the purpose. Most agriculturalists from my part of Canada have not so much difficulty in getting credit, although in many instances it is needed. What they require more than credit is a satisfactory market for their production. Our farmers should have earnings at least fifty per cent greater than they have been able to obtain over a period of years in order that they might be prosperous enough to avail themselves of the new credit facilities that will be provided by this measure.

I notice that it provides for the financing of agricultural implements. Costs of agricultural implements in Nova Scotia are too high.

I believe they are greater than in other parts of Canada. I know they are greater than in central Canada. Central Canada gets the benefit of producing those agricultural implements, the benefits of wages, material, and all the incidental business that goes with them, while we pay the higher cost. On Monday a return was brought down at my request with respect to the higher cost of bicycles in the maritime provinces. What applies to bicycles applies to agricultural implements as well. I would say that, in fairness to the maritime provinces, prices of bicycles and prices of farm machinery should be uniform. The people of Nova Scotia should not have to pay a higher price than the people of central Canada.

The return to which I referred shows that a man's bicycle costs in all parts of Ontario and Quebec $42.50. Some parts of those provinces have just as expensive a freight rate as the maritime provinces. A lady's bicycle costs $43.50. What do we find in Nova Scotia, New Brunswick and Prince Edward Island? A man's bicycle costs $45, and a lady's $46, or $2.50 per bicycle additional, about five and a half per cent more.

It is my view that farmers and others in the outlying parts of Canada who do not have the benefit of the labour, material and business that go with the production of farm implements, bicycles and articles of that kind they require, should at least be accorded the same price when they have to buy them and they should not have to pay higher prices.

Mr. CRUICKSHANK: You will never get that from Ontario.

Mr. BLACK (Cumberland): This measure will also provide for additional financial facilities for the improvement and construction of new buildings. That is fine. We are all in favour of that; but I would suggest to the Minister of Finance that he should at the same time take the sales tax off the cost of lumber, paint and other supplies that go into the cost of these farm buildings. Interest on the loans will amount to five per cent; the sales tax is eight per cent. That means a cost of thirteen per cent added on to the materials that go into these farm buildings; therefore the farmer is not able economically to borrow the money and make such investments, because the cost is too great, unless the sales tax can be removed. If the farmer wishes to build a henhouse or an addition to his barn or his house or to supply storm windows the cost is eight per cent for sales tax, and if he has to borrow the money he must pay five per cent, which makes a charge the first year of thirteen per cent. I would say, Mr. Chairman, that an undertaking on the part of the minister that the sales tax will be removed on farm improvements should go hand in hand with this measure. If that cannot be done during war time an assurance should be given that the sales tax will be removed immediately on the termination of the war when we expect these new financing provisions will be made use of to assist the farmer and give employment to help reestablish many returned men after the war. This legislation will be a benefit not only to farmers all over Canada but to workingmen and merchants in the towns and cities and to manufacturers generally. I make that suggestion to the minister. I am in favour of this legislation. And I think it will be appreciated by the agriculturists, but I think it should go farther than the terms of the proposed bill.

Mr. BLACKMORE: I think all hon. members of the committee will support the general principle of this legislation. It is advisable to provide for allowing farmers easier credit conditions for medium and short-term loans, but I think we must not overlook this important fact, that the fundamental difficulty we are going to face in the years during the war and in the post-war period is that of purchasing power in the hands of the people to enable them to buy the goods which the farmers are able to produce. Thus far the minister has not brought in any measure designed to provide such purchasing power. That is an exceedingly important matter. If there is not sufficient purchasing power in the hands of the people of Canada to enable them to buy the goods which the farmer produces, then there will be the grievous danger of a fall in prices; and if the prices of the product that the farmer produces, and the markets fall low enough, then these loans will be unrepayable. All that they will do is constitute a millstone round the necks of the farmers. All through the western Canadian provinces we are suffering grievously because the farmers obtained credit when there were reasonable prices for products and then were required to repay the loans when the bottom had fallen out of the market. Thus far there is simply no provision before parliament to prevent the bottom from falling out of the market. Of course it is suggested that the government propose floor prices. We have no idea how high those floor prices are to be. What precaution is to be taken against the floor prices being so low that the farmers, after they have paid the cost of production, will be unable to make a living on the farm?

My general criticism of all the minister's measures thus far is along the line I have indicated; there is not sufficient provision for internal purchasing power to enable the people

to buy the goods which the producers of Canada will be able to produce in abundance, and there is no adequate provision for fixing prices which will be remunerative to the producers.

May I now turn to a matter which came up just before the dinner recess The minister asked what could be done to make sure that the farmers in any given area would be able to obtain loans, following the remarks of the hon. member for Charlevoix-Saguenay who asked how the government were going to provide that farmers in every area would be able to obtain loans. I should like to offer this suggestion, that one good way to help attain that objective will be to permit the creation of provincial banks. No governing body in the Dominion of Canada is more concerned about seeing that the farmers in Nova Scotia obtain loans than is the government of Nova Scotia, and the same is true with respect to every province in this dominion. If you want to be sure that the farmers in any particular area are going to have the opportunity to get the credit they need, one way to bring about that result will be to allow the provinces to have provincial banks. Let the minister bear that in mind when he comes to consider the petition of Alberta for a provincial bank. I believe one great difficulty that has been developing during the last three or four generations in Canada is the centralization of the control of credit. That control must be decentralized. The credit union has done a good bit toward helping farmers in local areas to get credit, but the credit union is too small to accomplish the total objective, and its development is rather too slow. I have all respect for those who advocate credit unions; I know something about them and appreciate their value, but this whole matter of the control of credit must be put into the hands of the people whose interests are directly concerned. I submit that to have the control of the credit of Saskatchewan placed in the hands of a group of men living in Ontario and Quebec is not likely to provide the credit needed in Saskatchewan.

Perhaps anything else I have to say can be said at a later stage of the bill.

Mr. GILLIS: I want to ask the minister one question in order to determine what will be my attitude in this debate. As I understand it, all that the minister is asking now is the right to introduce a bill.

Mr. ILSLEY: That is correct.

Mr. GILLIS: In my opinion to attempt to discuss a bill before you see it or know anything about it is a wrong procedure.

Mr. ILSLEY: Hear, hear.

[Mr. Blackmore.]

Mr. GILLIS: The memory of some hon. members is very short. Every afternoon at three o'clock the leader of the opposition rises in his place and pleads with us to expedite the business of the house, because the war is so serious; and that is right. This afternoon the Prime Minister pointed out specifically, I thought, the bad habit that has grown up of doing exactly what we have been doing all day and so far this evening. Therefore I should like to know if it is the intention of the minister to put this resolution through and give the bill second reading to-night, if that should be possible.

Mr. ILSLEY: It is my intention to introduce the bill and move first reading, and then move second reading after hon. members have had a chance to read it.

Mr. GILLIS: Then I shall defer my discussion until such time as I know something about what I am discussing.

Resolution reported, read the second time and concurred in, Mr. Ilsley thereupon moved for leave to introduce bill No. 134, to encourage the provision of intermediate term and short-term credit to farmers for the improvement and development of farms, and for the improvement of living conditions thereon.

Motion agreed to and bill read the first time.

DOMINION ELECTIONS

MEASURE TO ENABLE WAR SERVICE PERSONNEL TO VOTE IN GENERAL ELECTION

Hon. N. A. McLARTY (Secretary of State) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to provide regulations enabling persons (to be described as Canadian war service electors) to exercise their franchise and the Canadian prisoners of war to vote by proxy at any general election held during the present war; and also to provide amendments to the Dominion Elections Act, 1938, consequential to such regulations; and to provide further that any expenses incurred in the carrying out of the said measure shall be paid out of unappropriated moneys in the consolidated revenue fund of Canada.

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

Mr. GREEN: As hon. members know, a special committee was appointed to consider the whole question of the best method to provide votes for the men and women in the forces. That committee brought in a report which will be found in *Votes and Proceedings*

of April 28, and which contains various recommendations. Will the minister tell us whether or not the recommendations have been accepted in full and, if not in full, in what way they have been varied?

Mr. McLARTY: I wonder if the hon. member is referring to the specific regulations adopted by the special committee dealing with war service electors. If he is, they have been adopted in full, as have the provisions which were recommended by the special committee in connection with granting votes by proxy to prisoners of war and those interned in neutral countries. I wonder if that answers the hon. gentleman.

Mr. GREEN: Apparently the regulations have been adopted in full?

Mr. McLARTY: That is correct.

Mr. GREEN: Without any variation?

Mr. McLARTY: There might be the change of a word, but nothing material.

Mr. GREEN: What about the other recommendations? One was that the regulations should apply to any election held during the war or within six months thereafter.

Mr. McLARTY: That has been adopted.

Mr. GREEN: I notice that in the resolution as it appears on the order paper there is no reference to the period of six months after the war.

Mr. McLARTY: Perhaps the reason is that the bill itself contains certain provisions. Schedule A to the bill will be found to contain the regulations as passed by the special committee. Schedule B is also attached. That deals with the resolutions which, in effect, were dealt with by the special committee, but were not considered verbatim by that committee. The regulations of themselves provide that they will be operative only during the period of the present war, and within six months of its termination.

Resolution reported, read the second time and concurred in. Mr. McLarty thereupon moved for leave to introduce bill No. 135, to provide regulations enabling Canadian war service electors to exercise their franchise, and Canadian prisoners of war to vote by proxy, at any general election held during the present war, also to provide amendments to the Dominion Elections Act, 1938, which are consequential to such regulations, or have become necessary by the advent of the said war.

Motion agreed to and bill read the first time.

Mr. GRAYDON: Is this bill printed?

Mr. McLARTY: Yes, it is.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to issue securities not exceeding $10,549,500 in principal amount to provide the moneys necessary to meet capital expenditures made or capital indebtedness incurred during the calendar year 1944; to make provision for the purchase or refunding of capital obligations of the company, or of any company comprised of the Canadian National Railway system, during the said calendar year and for the issue of substituted securities for such purpose; to authorize the governor in council to guarantee the principal, interest and sinking funds of securities issued by the company for the purpose aforesaid; to authorize the making of temporary loans to the said company secured by such securities and not exceeding $10,549,500 in principal amount to enable the said company to meet such expenditures and indebtedness; with authority to give financial aid and assistance to other companies of the said national system.

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

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce bill No. 136, to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways system during the calendar year 1944, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

Motion agreed to.

Mr. ILSLEY moved the first reading of the bill.

Mr. KNOWLES: Would the minister make an explanatory statement?

Mr. SPEAKER: The first reading is not debatable.

Mr. KNOWLES: I merely asked for an explanation of the bill.

Mr. ILSLEY: Mr. Speaker, I would have been in order, on motion for leave to introduce. However, if I am in order now I would say that this is just the annual bill which provides the Canadian National Railway Company with capital requirements for the year.

Mr. BLACK (Cumberland): Has the minister details of those capital requirements?

Mr. ILSLEY: I am not in order if I give that now. I can do that in committee on the bill.

Mr. SPEAKER: The motion is on the first reading.

Motion agreed to and bill read the first and second times.

Mr. ILSLEY moved that the house go into committee on the bill.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, before you leave the chair, may I say that the minister has suggested that we should have second reading of the bill. I have no objection to that, but I should like to have the bill in the hands of every member before we go into committee. The principle involved is one which requires little or no discussion in the house, but perhaps the details will require discussion in committee of the whole. For that purpose it would be necessary to have a bill before us. I have grave doubts as to whether or not it has been printed.

An hon. MEMBER: It is on the desk.

Mr. GRAYDON: I do not know how that can be, because it was introduced only a few minutes ago. I am sure it could not be on our desks.

Mr. ILSLEY: I do not see how it could be, either.

Mr. SPEAKER: Then the house will go into committee at the next meeting.

Mr. GRAYDON: I think that would be sufficient, if we have the bill by then.

Mr. SPEAKER: It is the pleasure of the house, then, that the house will go into committee at the next sitting?

Mr. ILSLEY: Yes.

Mr. GRAYDON: Could the minister not make his statement now? It is important that that should go on the record.

Mr. ILSLEY: We can do this: We can go into committee on the bill; I can make the statement and then move that the committee rise, report progress and ask leave to sit again. Is that satisfactory?

Mr. GRAYDON: Yes.

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

Section 1 agreed to.

On section 2—Power to issue securities for capital expenditures.

Mr. ILSLEY: This bill is for the purpose of providing authority for the capital expenditures of the railway system and the retirement of miscellaneous maturing obligations, either by way of loan from the dominion or by the issue of securities of the company to the public and guaranteed by the dominion. The total amount to be provided for this purpose is limited to $10,549,500, divided as follows:

Additions and betterments (less retirements)	$18,611,500
Additions of securities	1,921,000
Retirement of maturing capital obligations, including sinking fund and equipment principal payments	9,117,000
	$29,649,500
Less: Available from reserves for depreciation and debt discount amortization	19,100,000
	$10,549,500

The capital budget as set out above was approved by the standing committee on railways. While total loans, if all expenditures are made, will aggregate $10,549,500, the net increase in the debt of the railway company will be only $1,432,500, since $9,117,000 will be used to retire obligations at present outstanding.

Loans have been made under similar acts in previous years for capital purposes and retirement of maturing obligations as follows:

1932	$ 8,077,338 33
1933	8,228,101 10
1934	10,747,973 98
1935	7,293,065 84
1936	7,011,230 75
1937	11,035,032 61
1938	10,737,216 07
1939	12,442,552 40
1940	7,572,579 77
1941	11,943,000 29
1942	5,754,914 23

The loans made from the years 1932 to 1937 and $9,019,207.17 of the advances made in 1938 have been repaid out of the proceeds of dominion government guaranteed railway issues. The remainder of the advances under the 1938 act, namely, $1,718,008.90, and the advances in 1939, 1940, 1941 and 1942 have been paid out of the cash surpluses of the Canadian National Railways. No advances were required in 1943 because the total disbursements were less than the amount available from reserves for depreciation and debt discount amortization. Accordingly, the railway company refunded $5,877,327 to be applied to loans from the dominion government under the Refunding Act, 1938.

The general procedure followed in issuing Canadian National Railways dominion guaranteed loans is that loans outstanding under various authorities—the government is authorized to make loans to the railway under certain other legislation in addition to the Financing and Guarantee Act—are determined and such of these loans as it is deemed advisable to repay in view, among other considerations, of the total amount in relation to the condition of the bond market, are lumped

together in one round sum; a railway issue is sold in that amount, and the proceeds are applied to the repayment of the loans.

No railway issues have been sold since the outbreak of war. The last guaranteed issue was that of January 15, 1939, in the amount of $50,000,000 This issue was comprised of two maturities: $15,000,000 seven-year 2¼ per cent bonds sold at 99·00 to yield 2·40 per cent and $35,000,000 twenty-year 3 per cent bonds sold at 97·25 to yield 3·19 per cent.

I have a list of the loans outstanding which I can give if desired, but I think that will be sufficient to give anyone who desires to study the bill an idea of its purpose.

Mr. FRASER (Peterborough West): You might put the list of the loans on *Hansard* without reading it.

Mr. ILSLEY: I will put them on *Hansard* at this stage.

The CHAIRMAN: By unanimous consent.

Mr. ILSLEY: The following are the loans outstanding from the government to the railway company at April 15, 1944, under various authorities:

Canadian National Railways Refunding Act, 1938.....	$ 94,841,705 71
Financing and Guarantee Act, 1940, purchase of G.T.R. 4 per cent perp. con. deb. stock....	107,596,832 25
Financing and Guarantee Act, 1940—purchase of securities from Canadian holders.....	8,643,331 44
Financing and Guarantee Act, 1942—purchase of securities from Canadian holders.....	18,262,597 75
The War Appropriation (United Kingdom financing) Act, 1942—repatriation of securities..	255,035,927 81
The War Appropriation Act, 1941—working capital advances	13,906,927 81
	$498,287,322 77

Mr. ADAMSON: This does not include any equipment trust funds?

Mr. ILSLEY: I had better leave the answer to that question until the next day in order to make sure.

Progress reported.

SURPLUS CROWN ASSETS

PROVISION FOR CORPORATION AND ADVISORY COMMITTEE

Hon. C. D. HOWE (Minister of Munitions and Supply) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce legislation:

To confer authority upon a corporation to be established thereunder, to sell, exchange or otherwise dispose of, hold, manage, recondition, or otherwise deal with surplus crown assets, and to confer certain powers upon the Minister of Munitions and Supply and the governor in council in relation thereto including the power to establish an advisory committee;

To provide also that authority be given the governor in council to authorize the Minister of Finance to pay or advance to the corporation, from time to time. working capital from unappropriated moneys in the consolidated revenue fund; with provision for the deposit by the corporation to the credit of the consolidated revenue fund of Canada of all moneys received by it, except moneys paid or advanced to it on account of working capital and such percentage of all other moneys received by it as the governor in council may from time to time determine as being necessary to defray the administrative costs or other expenses of the corporation;

And to provide further for the payment of the salary of the president of the corporation and the chairman of the committee, and fees and salaries of persons in the employ or service of the minister, the committee or corporation.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, before you leave the chair I should like to say a few words. This resolution presages a piece of legislation as important as almost any piece of legislation we shall have passed this session, outside the war appropriation bill itself. If the minister is in position to give some statement while the legislation is in the resolution stage, the house would appreciate it as well as the country. We should have a statement with respect to the government's policy and what the bill proposes to do. The question of the distribution and sale of surplus crown assets is one which is engaging the attention of the whole nation at the moment because of the present situation. Could the minister oblige the house by giving a full statement at this stage?

Mr. HOWE: Mr. Speaker, the procedure for the disposal of surplus crown assets has been worked out over a short period. It was set up by order in council and we have had some three months in which to assay the efficiency of the programme. First, there is the determination of surplus property. This determination is made by a surplus crown assets committee which is made up of representatives of each of the departments of government which is concerned with the disposal. The membership of the committee consists of representatives of the three armed services, of the Department of Public Works, of the Department of Pensions and National Health, of the Department of Munitions and Supply, of the Department of Trade and Commerce, of the Department of Finance and of one or two others. In addition there are representatives of the farmers, of labour and of the consumer. The committee is a policy committee.

Anything that any department may declare to be surplus is reported to the committee. The representatives of the government on the committee are senior civil servants of the rank of deputy minister or assistant deputy minister. The material is reported as surplus to the committee and the committee decides, first, whether the material should be disposed of and whether it is really surplus to government requirements. The various departments of government are represented and if a department can show that it can usefully use the material, this is noted by the committee.

The committee represents various walks of life and various departments of government and it recommends the policy that shall be followed in the disposal of the article. The matter is then referred by the committee to the Minister of Munitions and Supply with the recommendation, first, that the property should be disposed of and, second, as to what priorities should be given. These may include the provinces, the municipalities, and the various public agencies or otherwise as a means of disposal to the public. The recommendations of the committee are noted and an order in council is prepared.

The recommendation is made by the Minister of Munitions and Supply to council that the property should be disposed of, and as to the various priorities that should be recognized in the disposal of the property. If council approves the disposal of the particular property the title passes to a corporation known as War Assets Corporation. This is a corporation in the ordinary form. Its directorate includes business men of varied experience and a representative of labour, whose composite judgment cover the field of disposal in many avenues. The president is a man who has been with the Department of Munitions and Supply as director general of its Washington office since the commencement of the war; before that he was an experienced contractor and president of a steel company, a man with wide experience in purchasing various materials and one who has a good knowledge of the avenues of disposal.

The material or equipment passes to this corporation. The corporation is bound by the recommendation which goes forward to it from the committee at Ottawa, as to priorities. It may be material or equipment which should be rendered into scrap; if so, it is rendered into scrap through the agency of the corporation and sold as scrap. If it is possible to recondition the material or equipment and sell it in its original state, that is carried out.

The corporation will have a number of advisory committees. These will be formed as required, and the advice of the industry within which the material falls is asked. It may not always be followed, but at least it is at hand as a guide. If the material can be used in its original form, the purpose of the corporation is to make that material available as widely across Canada as possible. Motor cars, for instance, are not offered for auction in one city; a price is placed upon them and they are shipped to various centres in Canada and sold, so that each section of the country may have the same opportunity as any other to buy. If it is scrap it is sold on the scrap market at a ceiling price imposed by the wartime prices and trade board. That board, by the way, is represented on the disposal committee, and its advice is sent forward together with the advice of representatives of the department and representatives of the public that I have named.

The experience to date is on a limited scale. Hon. members will realize that, while disposal in future will be a job of the greatest magnitude, at the present time it is fairly limited, but experience is being built up through such use as is being made of the machinery at the present time. When the bill is before the house for second reading I will table a report of the disposal on machinery up to the end of May which will give hon. members a fair idea of the methods used to date and the results obtained. Our experience so far is such that I believe that the machinery provided by the bill which is now being brought before the house will be the best that can be devised for the huge job of disposal which will follow the end of hostilities. When the bill is before the house we shall be able to discuss the machinery in detail. I may say that the study of disposal in this country runs parallel with the studies being conducted in the United States. Our machinery was set up some months before the machinery was established in the United States, but it is a matter of interest to me that the disposal in that country operates almost exactly in the manner which had previously been established for Canada. Those responsible for the disposal in Canada work closely with those similarly responsible in the United States. The methods are compared, and if it is a matter of export the opinion of the United States is obtained, just as the United States obtain the opinion of Canada if they have material to export.

We have exported a considerable amount of surplus material under very satisfactory arrangements. Later on, the scope of the disposal must be extended to the United Kingdom. Obviously a great deal of Canadian material will have to be disposed of in that country, and we are conducting studies with the United Kingdom government

to make sure that the methods for disposal of Canadian materials shall parallel the methods which will be established in Great Britain.

I do not know that I can usefully say anything further. I shall be glad to answer any questions, but I suggest to hon. members that we can most profitably discuss this subject when the bill is before the house.

Mr. J. R. MacNICOL: According to a dispatch in one of the evening papers, a debate took place in the old country parliament to-day, when an hon. member called the attention of the Prime Minister to what happened after the last war in the matter of purchase of German ships, an operation which, according to the hon. member, resulted in great disasters to employment in the British shipbuilding industry. The hon. member asked the Prime Minister if such a condition would prevail after the present war. The Prime Minister intimated that many mistakes were made after the last war, but this was one which would not be repeated.

In looking over the resolution, I notice that the corporation which is to be set up is to be authorized to "sell, exchange or otherwise dispose of, hold, manage, re-condition, or otherwise deal with surplus crown assets." I have been wondering whether such a committee should not have some authority over the buying of scrap material or other material from other countries, because we shall have a large amount of material to be sold in this country, and we have plants here with a capacity far beyond our peace-time requirements, plants which will have to be demobilized in an orderly way. This I know from what I personally have seen in the plants I visited, and it seems to me that the proposed bill should call for some control over buying, too, whereby dealers in Canada would not be permitted to purchase huge stocks of cheap material, whether in Great Britain, the United States or elsewhere, and throw them on our home market. After the war, our own plants will return to their normal peace-time production; their own workmen will have to be protected, and I cannot see any other way to do so than by some control over buying. The minister said nothing about that, or I would not have risen. But I remember clearly what happened after the last war, when the business with which I was associated bought many steel boilers which were used in this and that plant, and then—

An hon. MEMBER: You had better be careful.

Mr. MacNICOL: I am always careful. I do not say anything I do not know. The firm bought many steel boilers and afterwards sold them at prices below those for which boilers of a similar capacity could be purchased from the home manufacturers. That must have had an effect on boiler production and naturally on the employment in our boiler plants. So that as far as I can see, unless there is some control over buying as well as over selling munition materials, the situation as a whole will not be taken care of. As the minister has said, in the United States they are planning and setting up a body which will to the best of their judgment carefully watch that the market is not glutted in any way and that employment is not retarded through the placing on the market of equipment which will have such effect.

The minister said something about cars. It would be an exaggeration to say that there are hundreds of thousands of motor cars stacked up across the country, but undoubtedly there is a large number. The minister did mention motor cars distributed across Canada, and we shall all be anxious to get the motor car companies engaging in that line of manufacture and everything associated with it, and the thousand and one concerns making equipment for motor cars must be got back into peace-time production as quickly as possible. If the market throughout Canada is to be glutted with thousands of war motor cars, which naturally would be sold cheaper than would cars made in the regular plants, that, too, will affect employment, will it not?

I for one will support the proposal. I have heard the names of the men who will head the company. I am not at all in favour of government companies, but I believe that this is one that possibly could manage to do a good job. In any event it will be expensive, and it will call for control to see that the market is not glutted with war material. Having heard the names of the men who are to look after the affairs of the company, I have confidence in them. They are men of great experience. The chairman, whom the minister mentioned, has had vast experience. I doubt if you could select a more capable man in the country. The others also are good men, and I have no doubt they will do the best job they can.

I do not remember clearly what programme operated after the last war. I do not think it was very good, but perhaps it was not very bad. I will not say anything against it apart from what I have said about buying used equipment for resale. But may I ask the minister this question: Has he in mind any control over the buying of material from the United States or Great Britain or from any other producing country, Australia or elsewhere, so that our market shall not be flooded

with competition of surplus war goods? The minister spoke of sending our surplus goods to Great Britain. According to a debate in the British House of Commons to-day, they will take care that their market shall not be glutted with goods from other countries, and I presume that our cousins to the south of us will do the same. I am anxious that Canadian plants will not have their production retarded through competition with huge used stocks from other countries, because I want the Canadian workmen to be given the best possible opportunity to produce when the war is over. I ask this question: Has the minister in his mind some control over buying outside war surpluses?

Mr. HOWE: In answer to the hon. member, I may say that a gentleman's agreement has been arrived at with the United States, who have also set up machinery, that they will not dump their surplus goods in Canada and we shall not dump our surplus goods in that country. It is a matter of agreement between the disposal agencies in both countries. I fully anticipate that similar arrangements will be made with other countries which will be having the same problem. It is a reasonable arrangement as between countries with a common problem and I am sure it can be worked out. In the matter of disposal, there are many interests to be considered. We cannot concentrate on protecting—

Mr. SPEAKER: May I interrupt the minister. The house is considering the resolution and these questions can be answered better in committee.

Mr. HOWE: Yes, Mr. Speaker, I see that. I am sorry.

Mr. J. A. ROSS (Souris): With regard to the statement of the minister on the war assets disposal board, I want to make one observation.

An hon. MEMBER: Why not wait until we get into committee.

Mr. ROSS (Souris): This is rather important and I wish to make this statement before we get the bill.

An hon. MEMBER: Not on the resolution.

Mr. GRAYDON: He can make the statement now.

Mr. ROSS (Souris): I was pleased to hear the minister state that in the matter of priorities the provincial governments and the municipalities would be represented on the committee to which he referred and, I believe, he said the farmers as well. As a humble representative, I have had many inquiries from rural and urban municipalities as to the disposal of equipment. They would like to have road equipment and machinery at airports and other places connected with the war effort, and such things as fire-fighting apparatus. The rural municipalities would like to have the first opportunity to procure this road equipment and other machinery. Various urban centres would like to have the first opportunity to procure fire-fighting apparatus and other equipment that is of vital importance to them, and rightly our provincial governments and municipal units should have the first consideration ahead of speculators.

If these articles which this committee may decide should be disposed of could be listed with the municipal department of each provincial government, and they in turn could notify the municipal units under their jurisdiction, it would be all to the good and would be greatly appreciated by the taxpayers of the country. I wish to make that proposal at this stage of the proceedings.

Mr. T. L. CHURCH (Broadview): The experience the government will have in connection with these crown plants will follow the experience we had after the great war and other wars the world over in connection with a venture like this. I do not hesitate to say, Mr. Speaker, that the country will never get any reasonable return on the investment involved and some crown plants should have been left to private enterprise. The minister hopes to make a deal with regard to the surplus assets and he confers on the corporation power to spend more capital and to dispose of, hold, manage and re-condition these plants. Again I say they will never have any reasonable return on investments in the past or from the proposed policy of the government in the future in regard to captial advanced. Many of these undertakings have been constructed in an uneconomic way and they have dragged in some municipalities in the building of certain roads, sewers, pavements, water supply and all that sort of thing. I have seen some of the crown plants and I do not believe that business of this kind can be run on an economic basis. When the war is over, a great many of them will be obsolete and not worth much from a commercial point of view. They will be uneconomic, and it will not be possible to operate some of them commercially. Many of them will be worthless. We had an experience of that in the last war with the merchant marine. We constructed many plants throughout Canada and some ships cost $1,750,000. They ran all the way from $1,000,000 to $2,000,000 What was the result? About a year before Munich the present minister of the department sold without tenders some of them for $50,000, although

they cost $1,750,000. There was a return with a list of them made to an order of the house along that line. I doubt very much whether we shall ever get any reasonable return on some of these investments. If more capital is put into it after the war I venture to say that less will be got out of the total investment in the future than in the past.

Mr. C. E. JOHNSTON (Bow River): I am pleased that the minister is forming this Crown Assets Corporation to take charge of this material after the war, because I can see where a company of this kind can be of good service to the country. I do not agree with some of the suggestions that have been made here to-night to the effect that this material should be turned over to private concerns to sell at prices which they may set. It is government property and the government should take the proper steps, as the minister has indicated, to dispose of it.

I want to join in what the hon. member for Souris said a few moments ago about the disposal of some of this machinery. I received a resolution passed by the board of trade of the city of Drumheller with regard to this very thing. I am sorry I have not the resolution here to put on *Hansard* or read to the minister; but its contents are to the effect that these municipalities are desirous of obtaining some of this machinery, especially road machinery, from the assets corporation. They figure, and I think rightly so, that they will be able to get this machinery at very reasonable prices. They are of the opinion that some of this machinery will be of use to them in the construction of roads and for other purposes, and they are quite concerned about it. It may well be that some of this machinery will be practically new, or it may be, as the minister has indicated, that some of it can be repaired with very little trouble and be made very useful to the municipalities and other organizations of that kind.

I think it is proper that arrangements should be made with other countries, as the minister has indicated, so that there will be no dumping of great quantities of machinery into Canada from the United States or from Canada into other places. Let each country dispose of its own surplus material in its own way. I just wanted to mention this and to give what support I could to it along with what other hon. members have said, because municipalities are very much concerned about getting possession of some of this machinery which will be useful to them. I think the minister should indicate in a circular letter, or something like that, to the municipalities or cities that such action is being taken and, if they wish to get in touch with him, he will acquaint them with the methods of obtaining the desired material. I think that would be of great assistance to them and would give relief to what means a great deal to them.

Mr. D. G. ROSS (St. Paul's): I am very glad to see that the minister is setting up this corporation. If we did not have some corporation of this kind we would have chaos in this country. It depends to a great extent on how it is managed. The minister has said that up to the present time the machinery has been successful. I think it has been only moderately successful. There is a great deal of improvement necessary. I have great faith and confidence in the manager who, I understand, is Mr. J. B. Carswell. I have known him for many years. He is a man of great patriotic spirit, a man who could have looked after himself much better in this war if he had not been patriotic. He is a man of great ability. He is a Scotsman, by the way.

I want to see this government corporation get back to private enterprise as quickly as possible. There is only one way to judge efficiency and that is by competition. At the present time we know that some of our government plants have done splendid jobs, but we do not know at what expense. We are bound to have extravagance in war time; there is no question about that. But in peace time you cannot have efficiency and extravagance; it just does not work out. The only way you can gauge the efficiency of a firm is by the competition it meets. There are so many controls of one thing and another to-day that private enterprise no longer obtains. There is only one thing that is worth while in the production of ordinary goods and that is private enterprise. That is the way to do it. I do not say that everything should be private enterprise. We must have a combination of private and public enterprise. After all, the government is here to help private enterprise, not to run private enterprise. The sooner we get these industries back into the hands of private enterprise after the war, and not run them as government concerns, the better it will be.

Mr. M. J. EDWARDS (Calgary West): I am pleased with the acclaim with which this legislation has been received on all sides of the house, but I think lurking in the back of everybody's mind is the desirability of this, and primarily that is because of the hon. gentleman whom we all know or hope and believe will be the responsible minister of the crown administering this measure, and the company which is being set up. I refer to none other than the Minister of Munitions and Supply (Mr. Howe). It is the fact that he has

done such a remarkable job in his present capacity and is likely to have charge and supervision of this measure which gives us so much confidence in what this company will be able to do in the disposal of our surplus assets. In my own home city we have already had concrete proof of what a government department can do in converting a war-time asset into civilian use and employment. Nothing could give us more confidence in Calgary as to the future success of this corporation than the demonstrated ability of the present minister who is responsible for this legislation.

But there is the thought to which the hon. member for Davenport gave expression, which was uppermost in my mind, namely, the possibility of the disposal in this country of surplus assets of other countries to the detriment, if you like, of our own corporations or to private industry in Canada. We are all well aware of it. I personally have had brought to my attention already the difficulties which may be encountered in that respect in Alberta, I believe that certain surplus assets of a friendly neighbouring country are being offered for sale. I have already had it brought to my attention that certain associations in the United States are encouraging or bringing pressure to bear to have surplus assets of that country disposed of as second-hand material in Canada, to use Canada as a dumping ground to get rid of those assets so as to clear the field for their activities in their own country. I am very much concerned as to what effect that is to have, and while I well understand the anxiety of municipalities, provincial governments and local authorities to get equipment and machinery especially, after all, private enterprise, the people who have been handling and dealing in machinery and equipment and who will be expected to maintain it and to provide repairs for it in the years that are to come, would like to know what position they are to be left in.

We in this country are now educated to look to the manufacturer of any implement or machine to guarantee performance. The trade mark, trade name or manufacturer's name, when impressed upon a machine, does mean something; and the person who buys that machine looks to the manufacturer to maintain it in good working order. Take a piece of road building machinery, for example, that has been used on the Alaska highway under most trying conditions, operated by inexperienced or perhaps incompetent workmen, without proper maintenance, because speed was the prime consideration. That piece of equipment may look all right, but it may be full of defects not apparent to the ordinary purchaser. Is that to be put on the market as a bargain and sold to the highest bidder for whatever it will bring in its present condition, under the principle of *caveat emptor*, or let the buyer beware? That piece of equipment may look to be worth $5,000, while in reality it may need repairs or replacements costing $2,000. Who is to service it; who is to be responsible for it? I can see the possibility of great harm and damage to Canadian industry unless this matter is very closely supervised. The minister said that at the present time there is a gentleman's agreement with other countries. I hope there will be something a little more definite than that; otherwise I fear we may have this country flooded with the surplus used material of a friendly neighbour, who will be glad to get rid of it at prices which we in this country cannot afford to meet.

[Mr. Edwards.]

Motion agreed to and the house went into committee, Mrs. Casselman in the chair.

Mr. KNOWLES: I should like the minister to make it clear whether crown assets include buildings and crown companies as well as such movable things as automobiles, jeeps and so on, which have been mentioned already. Perhaps I could come straight to one point that I have in mind. Is there any likelihood of a company such as the Polymer corporation being turned over to this board for disposal?

Mr. HOWE: What is to be disposed of is a matter of government policy. As I explained, if any department of government decides that it has anything surplus to its requirements, that fact is reported to the committee I have described to the house and that committee recommends what shall be done. One recommendation is as to whether or not it shall be disposed of, and further recommendations deal with how that disposal is to take place. Then that recommendation comes back to the government, and nothing can be disposed of except by the decision of the cabinet. Therefore, whether the Polymer corporation or any other corporation will be disposed of depends entirely upon the government of the day, and as long as we maintain good government in Canada I hardly think the Polymer corporation will be disposed of.

Mr. MacNICOL: There will be a good government after the next election.

Mr. HOWE: I said as long as we maintain it. Referring to the discussion that took place before the house went into committee, I should not like hon. members to believe that the sole duty of this disposal corporation will be to prevent surplus material from interfering with the manufacturers of this country. That

will be one duty; but it must be remembered that the surplus material from this war is the property of the people of Canada, and must be disposed of in the interests of the people of Canada, having due regard to the situation of the manufacturer and the effect on employment. The practice is to price the material reasonably, having in mind the value of similar material newly manufactured. None of this will be sold as a pig in a poke; it will be sold either as scrap or as usable material. It will be properly priced and distributed as well as possible, so that if it is useful to the people of Canada it will be obtainable in all sections of the country at a price representing fair value in comparison with the article when new.

I may say that an effort is being made to give priority to various users. For material such as road-building equipment, which has been mentioned, and which I may add has not come on the market as yet for the reason that the limited quantities in Canada are still needed for war production work, the first option would go to the provinces, then to the municipalities and then to any other public use for which there might be a requirement. However, the price is the same for all. That has been determined as a policy, and I think it is the only sound policy. We have resolutions coming in suggesting that certain users should obtain property as a gift, or at a lower price. All we can give any user is a first claim on the material; but once the price is fixed that will be the price to all. I am glad to have this opportunity of making that fact known to all those who have written me, and others who say we should offer one price to one and another price to another.

Mr. ROSS (St. Paul's): Would that price be the same all over Canada irrespective of freight?

Mr. HOWE: The matter of freight differentials will be considered in the light of the situation affecting the commodity in question. For instance, motor cars have one ceiling price in one area and a different ceiling price in another area. Disposal will take into account the question of freight, though that will not necessarily be the governing factor in all parts of the country. It will follow the practice of the trade.

Mr. BLACK (Cumberland): I think the least we in the outlying parts of Canada should expect is that the price will be uniform. In the earlier discussion this evening I mentioned bicycles and farm implements and said that we in Nova Scotia certainly are discriminated against in the prices fixed by the wartime prices and trade board, since we have to pay five and a half per cent more than is paid in central Canada, though we do not get the benefit of the employment which is incidental to the manufacture of these articles. I would protest if we are not to get the advantage of at least a uniform price on these surplus war articles that are being sold.

I should also like to ask the minister if any agreement or understanding has been entered into with manufacturers of motor vehicles, tractors or jeeps that such articles would be made into scrap and not placed upon the Canadian market, in order that they would not interfere with the post-war manufacturing output of these industries. There have been reports current to that effect. I appreciate that there will be a clash of interest between manufacturers and those who can make use of these articles. I would say that farmers should be entitled to a chance to secure motorized machines suitable for their requirements when they are placed on the market at a reasonable price. I feel strongly that the outlying parts of Canada, such as Nova Scotia from which I come, which do not benefit from the manufacture of these articles, certainly should have an opportunity to purchase them at the lowest possible prices. If these articles have value they should be able to get the articles they require at the lowest possible prices, instead of their being scrapped.

I ask the minister, has there been any understanding, or agreement, with manufacturers, in any instance, that their production would be scrapped rather than utilized in the post-war period.

Mr. HOWE: Madam Chairman, I am glad to have an opportunity of saying that no such agreement has been arrived at. A story wholly without foundation was published in Vancouver papers to the effect that by agreement with automobile dealers the government had decided that certain vehicles, such as jeeps, would not be sold in Canada. I may say that the government never heard of any such arrangement, and upon inquiry from the automobile association, whose convention was being held at the time, I was assured no such proposal had come from them.

I repeat that the government intends to dispose of government property in the widest and best interests of all the people of Canada, and that no association of dealers, no association of manufacturers or no other association will have any deciding voice in what is done with the surplus war materials of this country.

As for the differential in the price of bicycles as between central Canada, where they are made, and Nova Scotia, may I say that that principle works both ways. I lived in Halifax for several years, and while there I found that

the lobster served at the club cost twenty cents a helping. When I came to Ottawa I was astonished to find that lobster at the club in Ottawa cost ninety cents a portion. Then, when I went to Winnipeg I was more than astonished to find that it cost $1.50 a portion.

Mr. GREEN: The minister should have had Winnipeg gold-eye.

Mr. HOWE: We cannot get away from the principle that the source of production usually has the lowest price.

Mr. BLACK (Cumberland): Then the minister is opposed to giving the outlying portions of Canada, the maritime provinces, equal opportunities to secure these surplus materials at uniform prices? Do I understand the minister is making such a declaration of policy? If he is, then I am certainly protesting against it.

Mr. FRASER (Peterborough West): I call the minister's attention to an order in council dated May 29, 1944, directing the transfer to War Assets Corporation Limited of any material or article having value not in excess of $15,000, and reported as surplus by any government department or agency. What happens to surplus over $15,000?

Mr. HOWE: Surplus over $15,000 is reported to council, with the recommendation of the disposal committee. The action taken is the action of council. Under $15,000 the material is reported by the committee to the minister, and over his own signature the minister can carry out the recommendations of the committee.

Mr. FRASER (Peterborough West): Then the committee would look after ships, and other articles valued at more than $15,000.

Mr. HOWE: That is correct.

Mr. HAZEN: The minister has just made a comparison between prices paid for raw materials or primary products, and prices paid for manufactured goods. He referred to the cost of bicycles, and also of lobsters in different parts of Canada. I doubt very much if that is a fair comparison. In a case of that kind I think one has to compare a manufactured product with a manufactured product.

I do not wish to go into this matter fully, but I would point out to the minister that some goods manufactured in the maritime provinces are sent throughout Canada. I have in mind particularly Ganong's chocolates, sardines put up by Connors Brothers, and shaving brushes put up by Simms. I understand that these articles are sold throughout Canada at the same prices. It seems to me some consideration might be given to manufacturers of other goods in other parts of Canada being obliged to sell their products throughout Canada at the same price, particularly when they receive the benefit of the tariff.

Mr. HOWE: My statement was that the practice of the trade is followed. For instance, if we are selling surplus shaving brushes they may very well be sold at the same price throughout Canada. We are bound to follow out the ceiling price set by the wartime prices and trade board. Or, if there is a differential, we follow the differential in ceiling price. Obviously we cannot sell above the ceiling price in any community, and there is a ceiling price for used goods in all parts of Canada. As I say, the ceiling price of to-day follows the practice of yesterday. And if the practice of yesterday was to sell at a uniform price across Canada, then the ceiling price of to-day follows that practice. We are more or less bound to follow the practices which have grown up in Canada through the years.

Mr. GREEN: What is done with regard to automobiles which are being sold now?

Mr. HOWE: Automobiles being sold now are being sold at ceiling prices of automobiles for the year in which those were produced.

Mr. GREEN: I mean by way of comparison between Ontario and British Columbia, for example.

Mr. HOWE: If they are sold in British Columbia, they are sold at the ceiling price in British Columbia; if they are sold in Ontario, they are sold at the ceiling price in Ontario.

An hon. MEMBER: Plus certain charges.

Mr. HOWE: No, not "plus" anything.

Mr. GREEN: Would it be fair, in the case of army equipment on the Pacific coast, that it be sold for more there than would similar equipment in Ontario?

Mr. HOWE: I suggest that army equipment on the west coast stands the government more than army equipment at Oshawa. They have already paid freight on it, and it seems fair to sell it at the ceiling price in that area.

Mr. GREEN: I suggest that that should be given further consideration.

Mr. HOWE: All right.

Mr. NOSEWORTHY: I was interested in the personnel of the war allocations committee, as mentioned by the minister. There are two classes of purchasers which I think should receive representation on that committee, and

which I find have no representation. The first is the educational interests of the country. It is true the minister said there would be municipal representation.

Mr. HOWE: No, I did not say that. I said that there would be the department of government, the farmer, labour and the consumer.

Mr. NOSEWORTHY: But the minister did mention that the municipality would receive priority?

Mr. HOWE: Just what the committee gave them in respect of a particular article.

Mr. NOSEWORTHY: I would call the minister's attention to the fact that there will be enormous quantities of this material which would be invaluable to the technical schools and vocational schools of Canada. I am satisfied that they should have high priority in the disposal of these materials. I feel that there should be some one representing the educational interests of the country on this war allocation board, so that the school boards across Canada may have an opportunity of securing some of this material. The federal government has undertaken to bear a proportion of the cost of vocational training across Canada and some means should be provided to make this material available to schools, at least in the outlying and smaller areas, without undue regard to price even if the difference must be charged to the federal government's share of the cost of technical education.

I have had a number of representations from men overseas in regard to this matter. Only last week I received a letter from a boy in Italy. Before he went overseas this boy had been in the garage business, which he gave up in order to enlist. He realized that there would be considerable material salvaged after the war, particularly from some of our factories, and he felt that this should be made available to men such as himself. My first question is: will this material be disposed of before the men overseas have had an opportunity of securing what they want? My second question is: will the government make provision for the disposal of this material to men who are now overseas at prices and terms with which they will be able to comply? I ask the minister to give consideration to the two classes of potential purchasers of this material I have mentioned.

Mr. HOWE: I may say that due regard is being given to the educational institutions. They have a very high priority on any material that they require. As for the soldiers overseas I may say that we have hardly touched the fringe of this disposal problem. I suppose that the whole programme will run into at least three or four billion dollars, whereas the materials offered to date amount to hardly three or four hundred thousand dollars. The main disposal problem will come after the end of hostilities when the soldiers overseas will have ample opportunity to obtain anything they require.

Mr. NOSEWORTHY: I am asking that consideration be given to this class of purchaser in disposing of this material and that they be granted terms and prices so that they may be able to avail themselves of the opportunity of securing it.

Mr. MacNICOL: When I spoke a few moments ago I said I was in favour of the resolution, and I am yet, but I am a little alarmed at what the minister has said about the disposal of this equipment. Both in England and the United States the cardinal principle has been to ensure the orderly marketing of the material. If that is the minister's idea, then I am for it. But I am not in favour of marketing along the lines of what has been suggested by two or three hon. members.

I can see what will happen to young men coming back who have worked in the road-making plant at Plessisville, Quebec, or in the Sawyer Massey company at Hamilton or in the John T. Hepburn company at Toronto. The markets of these great road-making machinery plants will be obliterated if the market is flooded with the road machinery being used in the war. Our primary purpose after the war will be to provide jobs, but if the markets of these companies are destroyed by disorderly marketing, then we shall have nothing but chaos, just as we had after the last war.

I had hoped that this committee or company or whatever it is to be called—I have heard great things about the personnel and I have great confidence in them—would take over some of the strategic war plants across Canada and store this war material and equipment therein for orderly marketing so that it would not interfere with the reemployment of the boys coming back from overseas in the plants in which they formerly worked. I realize that if this equipment is used to make roads, men will also be given work. I have confidence in the men whose names I have heard and I feel sure they will bring about orderly marketing without dislocating industry.

A large number of the young men overseas went from the five thousand and one plants across Canada and they will be looking for their former jobs when they come back. I understand that after the last war vast quanti-

ties of shell-making machinery were just smashed up and made into scrapiron. They were single purpose machines and they could not be used for anything else. I imagine that after this war a great deal of the heavy iron equipment which was made to produce some special war equipment would be better scrapped than an attempt made to alter it and use it in some other way. I would rather see the plants whose business it has been to make machinery for civilian use permitted to do that instead of attempting to alter war machinery. It is always a costly procedure when it is not done by private interests.

The minister has mentioned equipment of an amount of three or four billion dollars, but I suppose it may be twice that before this war is over. Prior to the outbreak of war the total production of Canada in a year was not much more than that. If this material and equipment is flooded on the market it will shut up every plant in Canada. I am sure the hon. member for York South (Mr. Noseworthy) does not want to see the fine plants in his riding closed up. There are too many of his supporters working in those plants, and there are many others overseas who will be coming back and wanting their former jobs. I think the same applies to every representative of an industrial area. I want to be sure that the marketing of this vast quantity of material will be done in an orderly manner and that no effort will be made to glut the market simply to provide cheap material.

Mr. KNOWLES: I should like to explain the interjection I made a moment ago. The minister was speaking of the price at which the government sells cars to-day. He said they were sold at the ceiling price at the time of the manufacture of the car.

Mr. HOWE: No; the ceiling price at the moment.

Mr. KNOWLES: I interjected the remark, "plus certain charges." It may be only a matter of a difference of definition, but I had in mind the charges allowed, such as carrying and storage charges, from the time of manufacture to the time of sale.

Mr. HOWE: No; I meant ceiling prices for used cars. There are ceiling prices for new cars and ceiling prices for used cars. There is a differential allowed which represents the cost of laying down the car in the area. I am very sorry to say I must take the train in twelve minutes from now. Would hon. members object if my able parliamentary assistant carries on? I may advise hon. members that he tells me the answers anyway, and he may as well give them to the committee direct.

[Mr. MacNicol.]

Mr. GRAYDON: Open confession is good for the soul.

Mr. KNOWLES: I believe that on a former occasion—

Mr. GRAYDON: Do not let the minister miss the train.

Mr. KNOWLES: He can go or not, as he wishes. On a former occasion the question was asked whether priority would be given farmers' organizations such as cooperatives in the matter of distributing among the farmers of Canada war material which will be useful to them. Earlier this evening the minister indicated that priorities may be given to provincial and municipal governments on materials useful to them. I wonder whether the consideration which the minister said would be given has been given, and with what results.

Mr. CHEVRIER: I do not think there will be any difficulty as far as priorities are concerned. I know that one of the members of the board—I think it is Mr. Purdy—is well conversant with the pool interests of western Canada, and the representations which those organizations may make will receive consideration when the question of purchase comes about. There is too, of course, the question of government policy; the cabinet will make recommendation to the committee, who will also pass them on to the corporation. I believe that in that way the interests which my hon. friend has in mind will be protected.

Mr. FRASER (Peterborough West): The hon. member for Souris mentioned fire-fighting equipment. The A.R.P. at the present time have closed down a number of their units across Canada. In these units they have what they call trailer pumps. The small villages are anxious to get those small pumps; in fact I wrote in to the director of War Assets Corporation asking about trailer pumps; and I wonder if these are going to be disposed of. Are they being packed up now and being disposed of, or are they being held in those cities which have them?

Mr. CHEVRIER: That is an individual case with which I am not familiar. I shall be glad to ask the chairman of the allocation committee and tell my hon. friend; but I may say that, following the general principle of the legislation, the practice would be, after the recommendation has gone to the committee, to give a preference or a priority, as the minister has pointed out, first to the municipality, then to other organizations in the community —farm organizations, I would take it—and lastly, I suppose, to the general public. But the particular case which my hon. friend has

mentioned and other like cases have been brought to the attention of the department. If my hon. friend wishes, I can obtain information on that particular case for him and pass it on to him.

Mr. FRASER (Peterborough West): I wish the parliamentary assistant would do so. These small villages are handicapped at the present time owing to the fact that they cannot get proper equipment, and they have had a number of fires. If the parliamentary assistant could find out what is being done, and whether these municipalities which have written have priority over the others, I should like to know that also.

Mr. CHEVRIER: I do not think that because a municipality has written in, it should have any priority over another, but I believe it is the intention of the corporation, after it has been set up under the powers contained in the measure, to see to it that a priority be given to a municipality in a case such as my hon. friend has mentioned.

Mr. FRASER (Peterborough West): Where they need it.

Mr. CHEVRIER: In any event I will look into the matter and get the details.

Resolution reported, read the second time and concurred in. Mr. Ralston (for the Minister of Munitions and Supply) thereupon moved for leave to introduce bill No. 137, respecting surplus crown assets.

Motion agreed to and bill read the first time.

NAVAL SERVICE ACT

AMENDMENTS AND CONSOLIDATION—ADAPTATION OF UNITED KINGDOM NAVAL DISCIPLINE ACT, 1866

Hon. ANGUS L. MACDONALD (Minister of National Defence for Naval Services) moved the second reading of bill No. 112, respecting the naval service of Canada.

Mr. STIRLING: Does the minister propose to make a statement at this stage?

Mr. MACDONALD (Kingston City): I should be glad to make a short statement on the principle of the bill. This is a measure to amend and consolidate the Naval Service Act, which was first passed in 1910 and which now appears as chapter 139 of the Revised Statutes of Canada, 1927. In all the years since the first Canadian naval legislation was passed there have been but three very minor amendments of the act; and that, I think, is a tribute to the vision of those who laid the foundation for the service we know to-day. However, needs and conditions have changed, and under the acceleration provided by war conditions some changes are necessary and some of those changes ought to be made, I think, immediately.

The existing act was passed before Canadians had any extensive knowledge of naval warfare and before Canada had any fleet of her own. We can now lay claim to some considerable practical knowledge of naval affairs and naval administration. We find that some procedures required by the present act are rather clumsy; certain other procedures are inconvenient; still others are obsolete entirely.

The passage of the amendments which are proposed to the house will enable the naval authorities to reduce the great mass of legislation in one form or another which is now applicable to the naval service of Canada. At the present time the service is governed by a complex body of Canadian and British acts, regulations and orders which can be integrated only with the utmost difficulty even by legal specialists. I may say that there is no comparable complexity in the Royal Navy or in the United States navy, the two services with which we are best acquainted, and that is so mainly because the legislation applicable to these two great services is designed to fit their own requirements. With these amendments we hope to accomplish a similar result for the Canadian naval service.

The house probably will be surprised to know that the provisions applicable to the Canadian service are to be found in no fewer than eleven different sources. Eight of these are Canadian and three from the United Kingdom. Thus to understand properly the conditions governing the naval service one would have to know first of all the Naval Service Act. In the second place, one would have to be familiar with the Canadian naval regulations, then with Canadian naval orders, three volumes, then with the Canadian confidential naval orders, then with the regulations affecting the fleet reserve, then with the regulations affecting the Royal Canadian Naval Reserve, the regulations affecting the Royal Canadian Naval Volunteer Reserve, and finally the regulations affecting the W.R.C.N.S., or the Wrens as the organization is usually called.

There is a total of eight different sources to which one would have to look for the Canadian authority governing the naval service. But that is not all. Through the operation of section 45 of the present Naval Service Act, the following laws and regulations of the United Kingdom are in operation in so far as they are applicable to the Canadian service, and these United Kingdom regulations and laws are superimposed on all the

Canadian laws and regulations which I have mentioned. These United Kingdom laws and regulations are: The Naval Discipline Act of Great Britain passed in the year 1866, a fairly extensive act in itself; then there are King's Regulations and Admiralty Instructions, which are to be found in three volumes, and which contain something like 2,000 odd sections; and finally there are the Admiralty Fleet Orders, which up to the present are comprised in eight volumes.

That is a tremendous bulk of material for the personnel of the Canadian naval service to become familiar with, and in addition to that there is always the problem of deciding the application of this British legislation to situations that arise in the Canadian navy. There exists, as a further and very practical and pressing problem, the question of the constitutional right of Canada to adopt any part of the laws and regulations of the United Kingdom merely by future reference, as section 45 of the Naval Service Act of Canada proposes to do. Section 45 of the Naval Service Act states that the Naval Discipline Act of 1866, and the acts and amendments thereof passed by the parliament of the United Kingdom "for the time being in force," and so on, shall apply to the naval service. Now that phrase "for the time being in force" has given rise to considerable constitutional discussion in this country, and opinions have been given that no amendments or regulations passed since our statutes were revised in 1927 can be applicable at this time.

That is a brief outline of some of the difficulties. How do we propose to cure them? It is hoped that once the Naval Service Act of Canada is amended we shall be able to embody the Canadian law and the Canadian regulations in two volumes. First of all there will be the King's Regulations and Instructions for the government of the Canadian naval service, and that will be known by the short title of K.R. Can. (Navy). Then there will be, secondly, the Naval General Orders.

The amendments I am proposing by this bill will accomplish two general purposes. First, the amendments will affect some of the sections of the present Naval Service Act. These amendments will leave as much as possible of the present act untouched, and the changes suggested will merely be to simplify the administration of the act in the light of practical experience.

The second purpose that we have in mind is to provide Canadian legislation comparable with the British Naval Discipline Act of 1866. That purpose is carried out in part II of the bill, and the sections in this regard are to be found beginning on page 11 and going on to the end of the bill. They are largely, almost entirely, simply an adaptation of the provisions of the British Naval Discipline Act, with a few minor changes to make the British provisions conform to Canadian terminology and Canadian legal practice.

I am of course in the hands of the house with regard to this bill, and I shall be glad to have any suggestions that may come from any quarter as to the proposals advanced.

Hon. GROTE STIRLING (Yale): I have read the bill and have listened to the minister's brief remarks. It is hardly to be wondered at that after thirty-four years the Naval Service Act of Canada requires revision. The purpose of the first part of this amending bill is thus to revise that act. The Royal Canadian Navy has passed through so many exigencies in that time, it has grown so magificently, particularly in these latter years, that I can well understand the difficulties which have been entailed in endeavouring to administer the navy under the succession of pieces of legislation such as the minister has announced.

The introduction of the second part, in which the Naval Discipline Act of 1866 is replaced by part II of this bill, appears to me to be an admirable way of dealing with the situation. There is no reason at all, since the passing of the Act of Westminster, why we should turn any longer to the legislation of the United Kingdom, useful and helpful though that has been to us in the past. It is the minister's proposal that we shall dispense with all of that and incorporate in one bill, the Naval Service Act, all the necessary legislation. Any further remarks, notes of which I have made in many places in this bill, I shall reserve to the committee stage.

Mr. HAZEN: I understood the minister to say that when this bill passes, the law regarding the naval services of Canada would be embodied in two volumes: King's Regulations, which he described as K.R. Canada (Navy), and the Naval General Orders.

Mr. MACDONALD (Kingston City): Yes.

Mr. HAZEN: Are those two volumes in existence now, or do they become effective after the act is passed?

Mr. FRASER (Peterborough West): The minister cannot answer that now.

Mr. SPEAKER: We are on second reading now. That question may be asked when we get into committee.

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

Mr. HAZEN: May I now repeat the questions I addressed to the minister? I do not know whether I made them clear or not.

Mr. MACDONALD (Kingston City): Yes; I think I understand. Perhaps if my hon. friend will look at the last clause of the bill, 124, he will find that:

> This act shall come into force on a date to be fixed by proclamation of the governor in council published in the *Canada Gazette*.

That has been inserted for the very reason my hon. friend has in mind, namely, that after the bill is passed the regulations must still be drafted, and until the regulations are drafted we cannot do other than proceed in the old way. Once the regulations are finally drafted and approved by the governor in council it will then be time, and properly time, to bring this bill and regulations into effect at one and the same time.

Mr. HAZEN: In addition to the two volumes already mentioned, a considerable part of all of them regarding naval services will be contained in this bill we propose to pass. I see that there are two kinds of offences provided for and penalties imposed.

Mr. MACDONALD (Kingston City): Yes; that is quite true. But I might say to my hon. friend that now the Canadian regulations are contained in a book of some 493 sections and there have been quite a few amendments to it; therefore there is a great deal of work to be done on the regulations when this bill becomes a statute.

Mr. STIRLING: That does not cover K.R. Navy?

Mr. MACDONALD (Kingston City): That does not cover a great many other things that we now get by reference to the British Naval Discipline Act and the King's Regulations and Instructions.

Mr. HAZEN: After these regulations are finally completed, hon. members will have no opportunity to pass upon them at all, as I understand it. It hardly seems to me that that is quite right.

Mr. MACDONALD (Kingston City): The regulations, of course, under this bill will be made and agreed to either by the governor in council in the main matters or by the minister in certain other matters. They will not be formally passed by the house, no.

Mr. STIRLING: They will be published in the *Canada Gazette*?

Mr. MACDONALD (Kingston City): Yes.

Mr. HAZEN: I am more or less at sea in these matters. I do not know what these regulations will contain, but, of course, under our democratic form of government the members of this house are supposed to make the laws. These regulations are going to provide for offences and impose penalties. I think the members of the house should really have some say about it.

While I am on my feet I should like to refer to another matter. I am glancing hastily through this bill this evening. I see that it provides for courts-martial and for naval discipline or some other form of court, courts-martial and disciplinary courts. In addition to the courts-martial and the disciplinary courts, has any ranking naval officer authority to deal with any offences set out in this bill?

Mr. MACDONALD (Kingston City): Yes.

Mr. HAZEN: Where do we find that?

Mr. MACDONALD (Kingston City): There is a provision that the captain of a ship can impose punishments.

Mr. HAZEN: I might call the minister's attention to section 88. I do not know if that has anything to do with it or not. I do not quite understand it.

Mr. MACDONALD (Kingston City): No; section 88 is a general section, simply stating that unless there is some other express penalty provided the man shall be punished in accordance with the customs of the sea. If my hon. friend turns on he will find that the clauses dealing with courts-martial and disciplinary courts are sections 103 and 104. Section 103 deals with disciplinary courts and section 104 with courts-martial. If he follows down he will find that there is authority in one clause giving the master of a ship the right to deal with offenders and to impose imprisonment up to, I think, a term of three months; therefore, there is provision outside the courts-martial and the disciplinary courts.

Mr. HAZEN: Would the minister give us the number of that section?

Mr. MACDONALD (Kingston City): Section 101, subsection 2, reads as follows:

> Any offence not capital which is triable under this part, and (except in the cases by this part expressly provided for) is not committed by an officer, may, under such regulations as the minister from time to time issues, be summarily tried and punished by the officer in command of the ship to which the offender belongs. . . .

And so on. My hon. friend also asked about the regulations. Of course the regulations are laid before parliament within ten days after

being enacted, if parliament is sitting or, if parliament is not sitting, within ten days after the opening of parliament.

Mr. HAZEN: That does not give members of parliament any control over them.

Mr. MACDONALD (Kingston City): That is correct, but I do not think it would be possible to do so. If my hon. friend would look at the present Canadian naval regulations he would find that they deal with matters such as these, taking a few items at random: allowance for uniforms; transfer of personnel; arrangements for transportation; sick leave; stewards' fees; stoker ratings; specialists' allowances; shipwrights' pay; schoolmasters; repairs; retirement of officers; retirement of ratings, and so on. Those matters, while important in their own way, are hardly of sufficient importance to be in the statute. They belong properly in the regulations.

Mr. HAZEN: I appreciate that there would be no point in laying regulations of that kind before members of the house; but if any of these regulations provide for penalties and impose punishment, I think they should be laid before members of the house.

Mr. MACDONALD (Kingston City): The scale of punishments is set forth under the Naval Discipline Act, where the offences are described and the punishments set out, and that will become part of the law of this country if this bill is passed. At present, however, we are invoking the traditions of laws made outside this country, with the passing of which laws we have had nothing whatever to do. As I say, the regulations will deal with minor matters such as pay, clothing, leave, retirement, promotion and so on, but the great, vital matters will be dealt with in this bill.

Mr. KNOWLES: I wonder if when this bill was drafted any consideration was given to lessening the severity of the penalties set out. From what the minister has said I take it that this legislation is pretty well copying the British practice, but it does seem to me that the death penalty occurs a great many times in the pages of this bill. I recognize instantly the necessity of discipline in a service such as the navy, but at the same time it seems to me we should realize that with the march of history our armed services have become much more democratic. These armed services are now people's services, to which citizens go perhaps more than was the case years ago, and I suggest that some consideration might be given that point. As the minister has just said, these penalties are included in this bill and will become part of the law of this land if parliament passes this measure. I am asking if any consideration was given to lessening the severity of the penalties, at least in certain cases.

Mr. MACDONALD (Kingston City): Certain penalties found in the British act have not been included here. For instance, there is penal servitude; that is a form of punishment unknown in this country. The punishment of flogging is not provided in this bill; but the other offences to which my hon. friend refers, those punishable by death, I think are treated in most services as very serious offences which may render the offender liable to the death penalty. Treason, for instance, is a capital crime under the laws of this country. So is murder; so is rape; so are certain other offences, such as desertion in the face of the enemy and perhaps one or two others. Generally speaking, I think this bill is in no respect more severe and in some instances is less severe than the British act.

Mr. FRASER (Peterborough West): When we were on the war appropriation resolution in 1942 I asked the minister if he had considered the possibility of this country having a seaman's manual of its own, instead of the out-dated manuals the boys have to use at the present time. At page 2295 of *Hansard* for that year I went on to say:

> They are now using volume 1, 1937, and volume 2, 1938, and these volumes are unrevised.

Those are the British volumes, and I went on to say:

> In the United States the navy department is issuing "Knight's Modern Seamanship", which is revised right up to March, 1942. That manual is right up to date; it covers everything, oil burners, depth charges, torpedoes, bombs, up-to-date anti-aircraft guns, and everything else.

The minister replied:

> It is true that the seamanship manual used is the manual of 1937, as prepared by the British admiralty. It is not up to date, but after all is said and done we have turned out some pretty good seamen with this manual.

I acknowledged that fact, and later on the minister thanked me for my suggestion. I bring this matter up now because I want to ask the minister if he will not bring in a seamanship manual absolutely Canadian, to correspond with the regulations he is bringing in under this measure.

Mr. MACDONALD (Kingston City): I shall be very glad to take that matter into consideration.

Mr. GREEN: In various sections of the bill additional powers would appear to be given to the minister to make regulations.

whereas under the old act that power could be exercised only by the governor in council. Will the minister explain just what is the trend in that regard? Is it a fact that additional powers have been given to the minister?

Mr. MACDONALD (Kingston City): In certain respects the minister is given more power than under the old Naval Service Act, but they are in what I would call very minor particulars. For example, in connection with regulations governing target practice, formerly the power was given to the governor in council. I think that matter is too trifling for the governor in council to bother with, and now it has been transferred to the minister. In a few other cases that will appear as we go along with the bill, power has been transferred; but I think in all major cases where power formerly rested with the governor in council, that power is retained.

Mr. GREEN: Section 9 deals with the terms and conditions of engagement of officers and seamen, and that is now left to the minister himself rather than to the governor in council. In section 38, which is a general section providing for regulations for carrying out the measure, and for the organization, training, discipline, efficiency, administration, and good government generally of the naval service, power to make those regulations has been taken away from the governor in council and given to the minister. Those sections go much farther than just passing regulations for target practice. It would seem there is a definite change by way of giving the minister much wider powers. I have nothing against the present minister, and I do not wish him to take my remarks that way. But we are finding this trend quite often nowadays. For example, in connection with the aeronautics bill we find the same position. There the Minister of Munitions and Supply is becoming a dictator. This practice goes one step farther even than running the country by order in council. This bill has the same trend, the running of things by the minister, himself, without having even the steadying influence of the whole cabinet. Why are these changes made in the case of the navy?

Mr. MACDONALD (Kingston City): First of all, in connection with section 9 of the bill, the old section read that the governor in council might authorize the engagement of officers and seamen in the naval service upon such terms and conditions as may be prescribed, without stating definitely who was to do the prescribing. The words "by the minister" have been inserted to clarify that situation. It does not mean that a power which formerly resided in the governor in council is taken away from them. It means that a power which was more or less implied has now been placed in the minister.

Then, with regard to section 38, the hon. member says that there, again, the minister is given additional power. I do not think a careful reading of the section will bear out that contention. The section states:

> Except where by this act the governor in council is empowered to make regulations, the minister may make regulations . . .

And so on. Any place where the governor in council has power or authority under the act on major matters, he still retains it. But there may be some cases where authority is expressly vested in nobody, and in such cases it is felt that the minister should have power to deal with such matters.

Mr. GREEN: Is not the effect of the section that of cutting down the number of instances in which the governor in council will make regulations? As the section read formerly, all the power was given to the governor in council. But now the governor in council has only certain specified powers. Whatever powers are not specified as being exercised by them are now exercisable by the minister. In other words, he exercises all the residual powers. Surely it is true that that means that the minister will have a great deal more power than he had before.

Mr. MACDONALD (Kingston City): It depends upon how closely the powers have been divided. I think they have been divided very carefully. This bill has been drawn up by expert draftsmen, and the powers have been specifically apportioned, some to the governor in council and some to the minister. Then, to make abundantly sure, it was felt that there should be a general section in case some power had to be exercised without any particular authority being named to exercise it. That power was given to the minister.

I can say to the hon. member, however, that I think governors in council and ministers are bothered too much with detail. If we expect the governor in council, particularly in this time of war, to deal with petty matters such as it has to deal with, involving $2 here or $5 there, it seems to me totally ridiculous.

Mr. GREEN: Of course this bill will carry over into peace-time.

Mr. MACDONALD (Kingston City): Yes, but at no time should the governor in council or the cabinet have to sit down and trouble themselves with trifles. They have to deal with great and important matters. Minor regulations should be dealt with by the departmental head, deputy ministers, or even

officials lower than that. I am afraid the tendency to-day is to throw too much on cabinets, instead of placing responsibility where a lot of it ought to be, namely, on the ministers and departments.

Mr. GREEN: What power has the minister now to make regulations—before the passing of this measure?

Mr. MACDONALD (Kingston City): Under the present act certain powers are not specified to anyone. Under section 5 the minister is given control and administration of all naval affairs. Under section 6 he is given control and management of all naval establishments and ships. Then he is given further powers under section 34.

Mr. GREEN: That is the old section. What does it enable him to do?

Mr. MACDONALD (Kingston City): Sections 5 and 6 give the minister general control and management of naval affairs, naval establishments and naval ships. Then section 34 is the one which deals with target practice.

Mr. GREEN: None of them gives him power to make regulations.

Mr. MACDONALD (Kingston City): This book of Canadian naval regulations contains many regulations now made by the minister. Some are made by the governor in council, and others are merely copies of sections of the statute which are considered applicable. But there are a great many regulations here which the minister has made by himself.

Mr. GREEN: Perhaps he has been making them without authority.

Mr. MACDONALD (Kingston City): I hope not.

Section agreed to.

On section 2—Definitions.

Mr. STIRLING: I notice that paragraph (f) changes "seaman" to "man", for reasons explained on the opposite page. I am wondering if there is any reference to the Women's Royal Canadian Naval Service, or whether they come under the composite title "man".

Mr. MACDONALD (Kingston City): I am glad the hon. member has raised that question. If he will look at section 22 of the bill he will find under the heading "naval volunteer reserve" these words:

> 22. The naval volunteer reserve shall consist of officers and men raised by voluntary engagement from among seafaring persons—

The word "persons" is used there deliberately to permit the inclusion of the WRCNS.

[Mr. A. L. Macdonald.]

Mr. FRASER (Peterborough West): Paragraph (a) states:

> (a) "active service" as applied to a person in the naval forces means service or duty during an emergency.

Then, further down:

> (d) "emergency" means war . . .

And so on. Does this apply to boys in training in the different camps or training centres in Canada, or does it apply to those who are on ships?

Mr. MACDONALD (Kingston City): What section is my hon. friend reading from?

Mr. FRASER (Peterborough West): Section 2, paragraph (a).

Mr. MACDONALD (Kingston City): Every one in the navy is now on active service.

Mr. FRASER (Peterborough West): Whether they are in a training camp or on a ship?

Mr. MACDONALD (Kingston City): Yes; that is right.

Mr. MacNICOL: Why is paragraph (g) not in the same position as paragraph (c)? Paragraph (c) refers to deputy minister, whereas paragraph (g) refers to minister, and it strikes me that the minister ought to come first.

Mr. MACDONALD (Kingston City): They are arranged alphabetically.

Mr. STIRLING: Does the minister consider that the women in the Women's Royal Canadian Naval Service are taken care of by the explanation he has given? Over and over again the word "man" appears in the bill; does he suggest that the use of the word "persons" in section 22 gives the necessary authority to deal with these women where a man, a petty officer or officer is referred to throughout the bill?

Mr. MACDONALD (Kingston City): The draftsmen advise me that under the Interpretation Act, which applies to this bill and to all the regulations under it, the word "man" would be taken to include women, apart altogether from the use of the word "persons" which, of course, includes both men and women.

Mr. GRAYDON: If that interpretation is to be carried out then the provision for equal pay for women would automatically come in. If the minister is going to give us that definition now, perhaps we may expect that from now on the Wrens will get equal pay with the men.

Mr. MACDONALD (Kingston City): I expected that my hon. friend would take that

ground, since he has taken it consistently throughout the session. The matter is one I must discuss with my senior colleagues, the Minister of National Defence and the Minister of National Defence for Air.

Mr. GRAYDON: Perhaps this will be an easy way for both the ministry and the opposition to let the women in the forces in on an equal basis?

Mr. GREEN: Paragraph (e) in section 2 reads:

"general orders" means orders and instructions issued to the naval forces by the minister or under his authority.

Who would be able to issue orders under the authority of the minister? Why should that not be done by the minister himself or someone acting as the minister?

Mr. MACDONALD (Kingston City): There are many cases where the minister must delegate to someone, perhaps on the coast or in Newfoundland or in Londonderry, the power to do something. He, of course, would have to confine himself to those things which he had the right to delegate. There might be cases where it would be very convenient to the minister to delegate powers to make certain orders.

Section agreed to.

Sections 3, 4 and 5 agreed to.

On section 6—Rates of pay.

Mr. STIRLING: The explanation reads:

There is no corresponding section in the present act, but rates of pay and allowances have always been and should, it is considered, continue to be fixed by order in council.

Mr. MACDONALD (Kingston City): Rates of pay of ratings and officers have been the subject of order in council. I think that is one responsibility that should rest there. When you begin to regulate the pay of thousands of men—it is now about 90,000 men and officers—it is perhaps well that the governor in council should be the one to fix the rates. That has always been the case and it is being continued.

Mr. KNOWLES: That is subject to treasury board now.

Mr. GRAYDON: That is the shadow that falls over everything.

Mr. MACDONALD (Kingston City): The treasury board considers the matter and passes its minute which is approved by the council as a whole. The treasury board has not the final word in these matters.

Section agreed to.

On section 7—Chief of the Naval Staff.

Mr. MacNICOL: Is the chief officer in the British service and in the United States service a rear admiral?

Mr. MACDONALD (Kingston City): No; they are of higher rank. It says, "not lower in rank than rear admiral." His title is now changed to "chief of the naval staff" instead of "director of naval services." That has been the title ever since I came here and I think it is a much better one.

Item agreed to.

On section 8—Permanent naval force.

Mr. GREEN: Is the minister in a position to give us any more details than he did during the discussion of his war appropriations, with regard to plans for a permanent navy after the war?

Mr. MACDONALD (Kingston City): I think I intimated at that time that there was authority from the cabinet to have a navy of some eight or nine thousand men after the war. That is the only authority we have, and I cannot add anything to what I said when the war appropriation bill was under discussion.

Mr. GRAYDON: I suppose it will depend upon how far Canada commits herself in connection with the world organization with respect to an international police force?

Mr. MACDONALD (Kingston City): I fancy that would have some bearing.

Mr. STIRLING: That was the understanding arrived at some years ago, was it not?

Mr. MACDONALD (Kingston City): The complement was arrived at in 1941.

Section agreed to.

Progress reported.

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

Friday, June 9, 1944

The house met at three o'clock.

CANADIAN FORCES

DISTRIBUTION OF MAIL TO SERVICE PERSONNEL ON THE BEACHHEADS IN FRANCE

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I should like to ask the Postmaster General whether arrangements are being made for the distribution of mail to

our troops on the beachheads in France. If so, what progress has been made in this regard?

Hon. W. P. MULOCK (Postmaster General): All arrangements were made long ago in connection with the handling of mail in the event of invasion. There is no report at the present time. The leader of the opposition will realize that it is a matter of available space in crossing the channel. I am expecting information in due course, and as soon as it is available I shall be glad to advise the house.

BUSINESS OF THE HOUSE

DOMINION ELECTIONS ACT AMENDMENT—WAR SERVICE PERSONNEL—PRINTING OF BILL

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I have a question to ask with reference to the war-time elections bill. I point this out to the house only because yesterday I inquired of the Secretary of State as to whether or not this bill had been printed. It was a formal question which I very often put because I have found that on occasions bills are given first reading before they have come from the printer. I suggest that the Secretary of State must have been in error when he said yesterday that the bill had been printed, because in making preparations for the debate on the bill to-day I found that none of our members had been able to get copies. I made inquiries and learned that the bill had not yet been printed. I thought the Secretary of State would like to know that his informant had been misinformed. It is difficult for us to proceed with our preparations unless bills are in our hands before second reading.

Hon. N. A. McLARTY (Secretary of State): Before taking up the motion on the resolution I made inquiries and was advised that the bill had been printed. Much to my own surprise I found this morning that though it had been printed it had not been bound. Copies of the bill are now available for distribution. I regret very much any inconvenience that has been caused to my hon. friend or any other member of the house by reason of the information I gave last night as to the bill having been printed, but I made the statement in good faith on the basis of information which I thought was accurate.

Mr. GRAYDON: I have never questioned the minister's good faith or that of any other member.

[Mr. Graydon.]

JAM BERRIES

REQUEST FOR TABLING OF ORDER SETTING PRICE

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): I asked the Parliamentary Assistant to the Minister of Finance a question with regard to jam berries. I am sorry he is not in the house, but I would direct the question to the Minister of Finance and if he cannot give an answer to-day I would appreciate it at the next sitting of the house. This may be taken as notice of the question. When will the order be brought down regarding the price of jam berries?

Hon. J. L. ILSLEY (Minister of Finance): I will make inquiries and give the answer on Monday.

FARM CREDIT

LIMITED GUARANTEE OF BANK LOANS FOR IMPROVEMENT AND DEVELOPMENT OF FARMS

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of bill No. 134, to encourage the provision of intermediate term and short-term credit to farmers for the improvement and development of farms, and for the improvement of living conditions thereon.

Mr. J. A. ROSS (Souris): There will not be a chance to discuss the provisions of this bill after it gets second reading because it will be referred to the committee on banking and commerce, and only this morning we received the printed bill. I wish to make a few observations on it.

As pointed out in the discussion of the resolution, I think it is very important that we should have been able to discuss the legislation pertaining to floor prices of agricultural products in conjunction with this bill. The matter of a central agricultural bank in connection with floor prices will have a distinct bearing on the success or otherwise on the operation of the proposed act.

Paragraph (h) of section 2, the interpretation section, defines "farm improvement loan" as meaning a loan made by a bank to a farmer for the purpose of financing—

(i) the purchase of agricultural implements;
(ii) the purchase of live stock;
(iii) the purchase or installation of agricultural equipment or a farm electric system;
(iv) the alteration or improvement of a farm electric system;
(v) the erection or construction of fencing or works for drainage on a farm;
(vi) the construction, repair or alteration of, or making of additions to, any building or structure on a farm; or
(vii) any work for the improvement or development of a farm designated in the regulations.

I do not see among these items any provision for seed grain. It will be readily realized that the farmer who needs assistance under this legislation may have had a crop failure through no fault of his own. That failure may be caused by hail in the district, and he may not have proper coverage of insurance to protect him. It may be caused by a grasshopper plague or drought in certain sections of the country. There is no provision made for that man to purchase his seed grain.

There is another matter that has been brought up by a colleague of mine in banking and commerce committees of other sessions, namely, a guarantee for binder twine in harvest time. It is recognized that in the prairie provinces binder twine must now be purchased on a cash basis. The farmer must make provision to pay cash for it, but there is no provision in this legislation for that. I am wondering whether those two items should not be included in this bill when it comes before the committee.

I go on with the clauses of the bill. Paragraph (i) of section 2 reads as follows:

"Farmer" means a person who is in possession of a farm and whose principal occupation consists of farming such farm.

When the resolution was under consideration I pointed out that there has been much trouble with the treasury board in the administration of the Prairie Farm Assistance Act in the past few years as to what properly constituted a farmer. I think it is important that that should be clearly understood in this measure.

Then, going on to section 3, "Guaranteed farm improvement loans," paragraph (d) subsection 1, reads as follows:

The principal amount of the loan did not at the time of the making of the loan, together with the amount owing in respect of other farm improvement loans previously made to the borrower and disclosed in his application, or of which the bank had knowledge, exceeded the sum of three thousand dollars.

That means, of course, that all other liabilities will be taken into account at the time. In many instances this will prevent a farmer from obtaining credit under this legislation, particularly farmers who have extensive liabilities on their farms.

Paragraph (e) is as follows:

the loan was repayable in full by the terms thereof in not more than ten years.

That allows ten years for repayment.

Paragraph (f) states:

the rate of interest charged by the bank on the loan did not exceed five per centum per annum simple interest as long as the borrower was not in default.

In the resolution stage I pointed out that I was distinctly of the opinion that the rate of interest of five per cent was too high. I have pointed out that to-day many good farmers are receiving credit for five per cent. When the resolution was before the committee several other speakers stated that the rate of interest should not exceed the cost of the operation. I have already pointed to the Veterans' Land Settlement Act, where land is being purchased and resold to the veterans and is costing them three and a half per cent. I suggest that the rate of interest in this bill should not exceed four per cent.

Section 4 deals with the limitations of the amount of the liability to the bank. It is as follows:

The minister shall not be liable under this act to pay to a bank a total amount in excess of ten per centum of the aggregate principal amount of the guaranteed farm improvement loans made by such bank.

In my opinion that guarantee of ten per cent will not produce the result that we have in mind. The guarantee should be higher. I am not sure, but I am of the opinion that in the case of national housing it was at least fifteen per cent.

Mr. ILSLEY: It was fifteen per cent on the home improvement loans.

Mr. ROSS (Souris): Yes. To make this bill as effective as I hope it will be, I think the guarantee should be twenty per cent rather than ten per cent. If the government guarantee the banks twenty per cent and they charge the creditors four per cent, we may achieve the purpose the government has in mind in this bill. I think these are two important points. I am not satisfied that ten per cent is a sufficient guarantee to make this bill effective.

Section 5 states:

The minister shall not be liable under this act to make any payment to a bank in respect of loss sustained by it as a result of a farm improvement loan made after the aggregate principal amount of guaranteed farm improvement loans made by all banks exceeds two hundred and fifty million dollars or made more than three years after the commencement of this act.

I dealt with that and received answers from the minister yesterday. With regard to the maximum guarantee of $3,000, that is all to the good; but we must bear in mind the fact that when a man applies for this credit he will have to give to the banks the security to which they are entitled. The banks always ask for all the security they can obtain, but it will cut off the applicant's security with other creditors.

In the past two or three years we have had information brought down which proves that under existing conditions it is much more economical to operate a large farm than a small one. Speaking on the budget on March 11 of last year I put on *Hansard* figures which I had obtained from the officials of the Department of Agriculture, pointing out that at least in the prairie provinces the most economical farm to operate to-day is the two-section farm unit on a diversified basis with certain power equipment. Most of those farmers would be precluded from coming under this measure. Notwithstanding that, I am satisfied that when a man starts to operate on a larger scale it is his duty to make his own financial arrangements, but I do point out that the most efficient operator will not come under this legislation.

Section 6 has to do with regulations. Paragraph (b) of subsection 1 reads as follows:

to designate works for the improvement or development of a farm, in addition to those specified in subparagraphs . . .

Then the paragraphs are named. I think this is an important clause, because it will give the government—I presume the minister, or by order in council at least—powers to designate other works. In that connection I want to make a suggestion, namely, that with respect to any works which shall be designated, proper agricultural authorities shall be consulted. I have in mind officers of the federation of agriculture, producers and the officials of producers' organizations. In order to make alterations such as these, to designate other works not provided for, such officials as the representatives of agricultural producers in this country should be consulted and their advice taken.

Then subsection 2 states:

No regulation shall be effective until published in the *Canada Gazette* and upon such publication shall be effective and shall have the same force and effect as if it had been enacted in this act.

I think this is rather a new procedure in the last few years. A great deal of this has been done by the wartime prices and trade board officials, and the Minister of Agriculture has taken advantage of this in each of his orders in council in the past few years. I do not think that is good. We should have our statutes and we should put them into effect.

I now come to section 7, which is as follows:

Notwithstanding anything contained in the Bank Act or any other statute, if a bank makes a guaranteed farm improvement loan the principal amount of which exceeds two thousand dollars and the period for repayment of which is longer than five years, the bank may at the time of making the loan take as security for the repayment thereof and the payment of interest thereon—

[Mr. J. A. Ross.]

(a) a mortgage or hypothec upon the farm in respect of which the proceeds of the loan are to be expended;

(b) an assignment of the rights and interest of a purchaser of the farm under an agreement of sale.

And there is further information in that connection. I think that will prove to any of us who have had experience in these matters that if full advantage is taken of this provision, and I think probably we would take advantage of it if we were in the place of the bankers, practically all the normal credit will be transferred to the banks, and any further credit will be cut off once an applicant comes under this bill. It is important that people should realize this fact. Then section 9, subsection 2, provides:

Any document purporting to be a receipt in the prescribed form and purporting to be signed on behalf of the bank shall be evidence of the payment by the minister to the bank under this act in respect of the loan therein mentioned and of the execution of such document on behalf of the bank.

This is a phrase which has come into being under our war-time legislation of the past few years, and I think it is a little lax. I would have no fear of what might be done under the present minister, with the present set-up, but I do believe the wording might be tightened up a little to safeguard the future.

There are four more sections in the bill, with which I do not propose to deal at this time. I would point out to hon. members that the mortgage debt of Canadian agriculture is approximately $700,000,000 to-day, and that this bill provides for a maximum of $250,000,000 or one-third of that total. When you remember that the present mortgage indebtedness will have to be taken into consideration when these people ask for loans under this measure; when you remember that once they come under it further credit will be cut off, I am not so sure that the bill will serve the purpose we have in mind. At the same time I heartily agree with the principle of the measure. I believe it is a step in the right direction, but if it is to be effective it seems to me the government guarantee should be increased to twenty per cent, while the rate of interest should be not more than four per cent. These two changes should be made in order to have this legislation as effective as we would like to see it, in the interests of the average farmer of Canada. I hope these matters will be taken into consideration when the bill is dealt with in the banking and commerce committee.

Mr. G. A. CRUICKSHANK (Fraser Valley): I think perhaps I am better fitted to speak on this bill than any other hon. member of the house, because of my long experience with

overdrafts and promissory notes; I am certain my friends in the banks will not dispute my knowledge in that connection. I am going to be very brief; for once I am going to outdo the Progressive Conservatives. I want to support everything that has been said by the hon. member for Souris (Mr. Ross), except that I believe four per cent is too high.

Mr. ROSS (Souris): I said not more than four per cent; I believe it should be lower, too.

Mr. CRUICKSHANK: I am glad the hon. member agrees with me. It has been admitted by the banking and commerce committee—and if they admit anything that is going some—that Canada's greatest hope for the future lies in increased agricultural production, but I do not think we will have that increased production unless money is made more readily available to the primary producers at very low rates of interest. It seems to me that in agriculture, a basic industry, three and a half per cent is ample; and in addition I believe the minister is killing his own bill when he limits the government's guarantee to ten per cent. Perhaps this is not a popular thing to say politically, but I have never had any difficulty in borrowing money from the banks. Probably what I have borrowed would seem a small amount to the many millionaires in this house, but to me it seemed a great deal. I have not had any difficulty in borrowing it, but I have had a great deal of difficulty in paying it back. As long as I did pay it back, however, I could always borrow more. But in limiting the guarantee to ten per cent, I believe the minister is making a mistake.

I agree with the hon. member for Souris that it is very unfair to place this bill in our hands to-day and immediately ask us to put it through. Since I have been in this house I have always heard that agriculture is the most important industry in Canada, yet here we have a bill affecting agriculture which we are asked to endorse or criticize on very short notice indeed. As a matter of fact I have had this bill for exactly five minutes. It seems to me the minister is defeating his own purpose in restricting the guarantee to ten per cent. Any bona fide farmer, as far as I know, would have no difficulty in borrowing to that extent from the chartered banks. As I understand this procedure, the banks lend the money and the dominion guarantee their losses to the extent of ten per cent. Any chartered bank in the beautiful Fraser valley will take the chance of a loss up to ten per cent even now. I would go the hon. member for Souris one better, because our crop is not exactly the same as wheat; I do not think a guarantee of twenty-five per cent would be too high, and I believe the maximum rate of interest should be three and a half per cent at most.

I am not in a position to go into this bill clause by clause. I agree with everything said by the hon. member for Souris, but I should like to see those two changes made if the bill is to be of any use to the farmers of Fraser valley, the main agricultural district of British Columbia. That is, I should like to see the interest rate reduced and the guarantee increased to at least twenty per cent.

Mr. HARRY LEADER (Portage la Prairie): Perhaps a real dirt farmer might be allowed to say a word or two on this bill, though I had not intended to do more than commend the government on at least attempting to make credit available to farmers at low rates of interest, which I believe is the purpose of this legislation.

I agree with the hon. member for Fraser Valley (Mr. Cruickshank); I do not think anyone has difficulty in borrowing money from the banks provided he has repaid his previous borrowings; and after all I do not think any man, any corporation or any company should borrow from a bank without fully intending to pay back the amount borrowed. A great deal could be said about the high interest rates that farmers have paid in the past. Personally I have paid as high as twelve per cent, and I know of others who up to at least two years ago were paying eight per cent on machinery they had purchased. This bill, I believe, will do away with a great deal of difficulty in that connection.

I do not believe it is a good move to empower the banks to take additional security; I think it will have the effect suggested a moment ago by the hon. member for Souris (Mr. Ross). If a farmer gets into difficulties and the bank takes additional security, that farmer will be placed at a disadvantage if he wishes to get any further benefits from the bank or any other institution. However, that is not why I rose. I want to say that I believe the government is wise in restricting its liability to ten per cent, though most of those who have spoken previously have said that this percentage should be increased. The hon. member for Souris would increase it to twenty per cent, and I believe the hon. member for Fraser Valley mentioned twenty-five per cent. I believe that easy credit has ruined more farmers—and I am speaking only for farmers, though perhaps this applies to other trades and professions—than have been put on easy street by bank borrowings. Get the idea into a farmer's mind that he must pay this money

back, and he is going to be very careful when he asks for credit. I think that if the government increases the liability they are going to encourage the banks to be more liberal in their loans. Do not for one moment think that I am condemning the banks for lending money to needy borrowers. That is not my intention at all. The point I make is that easy credit is going to ruin many men. And if the banks accept a liability higher than ten per cent it will mean easy credit for many of our farmers.

The other point I make is one where I take issue with the hon. member for Souris—and I have had to do so on several occasions. However I think I know whereof I speak. I have heard men declare—not farmers, so often, but the men who farm the farmers, as we have heard it said—that it is more economical to grow wheat on a large farm than to grow it on smaller farms. I will not agree with that. And when the hon. member for Souris says that a two-section farmer is the economic unit, I disagree with him entirely. I think that that is the class of farmer that got us into trouble with our big wheat surplus—a condition we have now overcome because of the war. In my opinion the economic unit is the smaller farmer on the half section or three-quarter section of land. He may have three or four sons, and in that event could probably have a section. The men on those smaller farms are diversified in their farming operations, and do not depend entirely upon the growing of wheat and other grains. They do not build up big surpluses to depress the prices for the smaller farmers.

Mr. ROSS (Souris): I referred to a diversified farm.

Mr. LEADER: Well, some might call two sections of land a diversified farm. But the smaller farmer must practice diversification, because he cannot put all his eggs in one basket. He has to keep live stock, and that live stock will build up any farm, whether it be one of 2,000 acres or only a quarter section. I know that the farmers who stood the stress of the years of depression were the smaller farmers. You can find that in every province of Canada. And when we are encouraged to build up larger farms, or what are called more economic units, I believe we are making a mistake. What do we want? With less than one-third of Canadians living on the farms in Canada to-day, what we want is more farmers on the land. The 2,000-acre farmer is perhaps living in a city or town, and has his farm operated by a hired man who runs one or two tractors. Get the farmers out on the smaller farms. Build the country in that way, and we will build from a proper foundation, not only in Canada but, I believe, throughout the world.

Mr. ROBERT FAIR (Battle River): Mr. Speaker, farmers are always thankful for small mercies, and I think they will appreciate a rate of interest of five per cent, particularly if they had to start out, as I did, by borrowing at eight per cent. And that eight per cent was compounded every three months. If they had crop failures for four years in succession, as I had when I started out, then I think they will appreciate this rate all the more. I know my interest bills, like those of many others, had piled up so high I was not able to stand them.

The fact that this money is being made available will help out, provided that other steps are taken as well. I am thinking particularly of the mention made yesterday of the prices of farm machinery—and what I have to say about farm machinery will apply with equal force to a number of other products. I believe it was in 1936 and 1937 that the committee on agriculture investigated farm machinery prices. In one instance the committee found that one implement company was following up the practice now followed by the banks, that of having a secret reserve. In that instance it was one of $40,000,000, which had been piled up from excess profits they were receiving. I do not know whether the other implement companies did the same thing, but at least one company under investigation was found to have a secret reserve of the amount I have mentioned. Those prices will have to be investigated, and they will have to be placed upon a sounder basis. If purchases are made for cash it is only reasonable to expect that the prices charged to-day might well be considerably reduced.

This programme would also relieve unemployment. It took the present war to relieve the unemployment of 1939. What I have suggested would also provide an outlet for the factories located in central Canada. Before going further I would point out to the minister that he is starting entirely at the wrong end. If a person has a sore on his hand or on his face he may put salve on it, but he will find that that will not do much good. He must go to the root of the trouble. Remove the cause and the sore will usually take care of itself.

For the information of the minister—and I assume he knows this already—I should like to place on record the percentages of national income received by agriculture over a period of years. I do this because about one-third of our population is engaged in that industry. I do it, too, because the workers in agriculture work from one and a half to twice as many hours as do those engaged in other industries. For these reasons I feel satisfied we should

receive at least one-third of the national income. Beginning with the year 1926 the following are the percentages of national income received by the agricultural population:

Year	Percentage of national income
1926	17·8
1927	16·4
1928	17·6
1929	14·6
1930	9·6
1931	6·3
1932	5·0
1933	6·6
1934	9·1
1935	9·3
1936	11·4
1937	11·5
1938	10·9
1939	12·5
1940	11·0

It will be noted that in that wonderful depression year, 1932, the farmers of Canada, comprising one-third of our population, received only five per cent of the national income. These percentages work out to an average of 11·3 per cent over the fifteen-year period. Instead of extending this credit to farmers, some action should be taken to give them the percentage of the national income to which they are entitled. If that were done the necessity for this bill would be eliminated. I am not saying the bill should not be put into effect, for the time being. But I do say that even at the expense of those who are farming the farmers and profiteering to an abnormal extent to-day, steps should be taken immediately to place agriculture on a sound footing, for the first time since Canada was Canada.

I am, of course, in favour of the bill. I may have something further to say later on, but I would repeat, for the benefit of the minister and his colleagues, that until agriculture is placed upon a sound footing we are going to have an unending succession of farm debts.

Hon. GROTE STIRLING (Yale): Mr. Speaker, as has been said, this bill has been in our hands only since this morning. Since receiving it I have been trying to ascertain whether an irrigation farm may benefit under it. It is not clear to me, and I should like the minister to explain whether it does or does not. Section 2, paragraph (h), subparagraph (v), refers to the erection or construction of works for drainage on a farm, but there is no reference to machinery or equipment such as would be used on an irrigated farm. Section 6, regulations, states:

> The governor in council may, on the recommendation of the minister, make regulations:
>
> (a) to define for the purposes of this act the following expressions:
>
> (ii) "works for drainage".

A considerable amount of farming in Canada is carried on under irrigation, and there are signs that this will be increased in the near future. It is a common thing for the farmer growing crops under irrigation to require assistance to purchase pumping machinery and various items of equipment required for the carriage of water to his land. When the minister replies I should like him to be good enough to say whether or not such requirements will be included in the clauses of this bill.

Hon. W. E. ROWE (Dufferin-Simcoe): Mr. Speaker, as the hon. member for Yale (Mr. Stirling) has said, this bill has not been very long in our hands and it is difficult to discuss it on such short notice. However, the need for the bill may be defined in many ways. The previous speaker referred to the disparity in the prices of farm products and other things. That is one of the basic reasons, not only for the depression in agriculture but for unemployment generally in this country, and it no doubt creates one of the needs for farm credit. However, I believe that even over and above that one of the needs for this bill has been created by the fact that we have farm loan boards in the different provinces; we have the Farmers' Creditors Arrangement Act which was passed by the dominion, and we have other efforts being made to extend credit to the country but not serving the purpose for which they were initiated. I fear that with this bill we are going to create further embarrassment for the farmer who wants to borrow money. If parliament sanctions a bill which goes so far in granting credit to farmers and then fails to go far enough to make it practicable, it is obvious to all of us who have had experience with farm loans, who have had experience in agriculture enterprises generally, that there are grave dangers hidden behind the inadequacy of the bill.

I believe it was the hon. member for Souris (Mr. Ross) who said that ten per cent was not sufficient. I find myself in full agreement with that. I believe the farmer should have his loan at four per cent if possible, and I hope there will be an amendment to that effect. If that is done, I doubt whether the ten per cent risk guaranteed by the government will make these loans sufficiently attractive to the local bank managers to make them want to extend the credit required.

The hon. member for Portage la Prairie (Mr. Leader), who preceded me, stated that easy credit is not sound credit. There is no one in business and I doubt if there is any one in this house, who does not realize the

dangers of easy credit for the young or the old, for the business man or the farmer. We all know it is sometimes ruinous, and to that extent I agree with the hon. member for Portage la Prairie. But I think he will agree with me, and I believe you will also, sir, when I say that there is a need for essential credit. There is a difference between easy credit and hard credit and essential credit.

We are living to-day in an age of advancement. I realize the good motives behind the statement of the hon. member for Portage la Prairie when he said that what we need are small farms, such as fruit farms, poultry farms and mixed farms. As the hon. member knows, for many years in this house I have urged the diversification of agriculture. He will recall that I twitted the western farmers for developing a lopsided agriculture. However, I have been in this house long enough to see the western farmer become almost as diversified in his production as the farmer in the east. The only difference is that he is farming larger units.

Progress knows no retreat. You cannot stop advancement. There is no enterprise in this dominion which offers greater possibilities for research in the use of modern equipment and advancement in general than agriculture. I have farmed all my life, and my forefathers before me. I will admit that I do not know all about agriculture. I have heard some speakers in this house who knew more than I, but I have heard one or two speakers who I am convinced knew less. With all respect to those who have the same motives as the hon. member for Portage la Prairie, may I say that after this war is over I would like to see happy families on small farms, but I would hate to see a bill that retarded the general progress of agriculture itself.

I have farmed on reasonably sized farms. My main experience has been with farms of around four hundred acres, but I have had experience on farms ranging from one hundred acres up to four hundred. Some of the smaller farms have done better than mine, but just as many of the larger farms have done better. I am convinced that with the march of progress that is obvious to us all, with the modern machinery that will come out following this war, no matter how desirable it may be to have small farms with the old team and the single furrow plough, the small cultivator and the—

Mr. CRUICKSHANK: Race horses.

Mr. ROWE: Some race horses add a little bit of mirth to a class which is just as much entitled to it as any other class in this dominion. When you have the experience of seeing a boy of twelve or fourteen years go out and plough more in one day than three hired men can with high-class teams of horses in a full week, you begin to count the cost. You then realize that you cannot stop progressive development. It is not easy credit; it is essential credit.

While it is true that the man on the small farm may not need more than the limit of $3,000 provided in paragraph (d) of subsection (1) of section (3); while he may not need $2,000 or perhaps no more than $700, in progressive times like these a limit of $3,000 is pretty small for the large farm. My hon. friends may say that in general that is enough, but there is something I want to place before hon. members who I know are just as much interested as I in this great industry. Once you have a credit of x dollars as the limit, you automatically destroy the chances of the farmer getting a loan anywhere else. I well recall that the government which I was supporting brought in the Farmers' Creditors Arrangement Act. I discussed it at great length privately with the government of the day and also in the house. That act may have helped in some respects.

Mr. CRUICKSHANK: Of course it did.

Mr. ROWE: My hon. friend says it did, but it was the general opinion of farmers throughout Ontario that the Farmers' Creditors Arrangement Act seriously injured the credit of the farmers of Ontario. The old retired farmer or the lawyer in the village who was handling a widow's estate and had money to lend would say to an applicant, a young couple perhaps who came in for a loan of $2,000 to buy a $10,000 farm, "No, I am sorry, George, I cannot lend you the money because I got a trimming under the Farmers' Creditors Arrangement Act."

Mr. CRUICKSHANK: Don't call him George.

Mr. ROWE: The hon. member for Fraser Valley looks so prosperous that I do not think he would ever need credit, and if he did, I am sure he could get it without any trouble. I have had scores of men come and ask me where I thought they could borrow money. I have sent them to the old line creditors, perhaps a retired farmer or a lawyer handling a widow's estate, and they would come back to me afterwards and say that they were refused the loan because the Farmers' Creditors Arrangement Act had frightened creditors off. We have had a farm loan act in Ontario and money was not being lent under that act for a good part of the time; I say that without reflecting on any government. At times the government was collecting more than it

was lending under the act, and I believe that that is the case to-day. I am not saying that from any political point of view. I merely wish to emphasize the fact that because that act was on the statute book it frightened the normal creditor away.

Mr. ILSLEY. I do not see that at all.

An hon. MEMBER: I do not believe it.

Mr. ROWE: I have seen it; I believe it; I have felt it; I have evidence of it. There is not a member from Ontario who does not know that that is so. If the minister sets up a farm loan agency under this act, he is going into the field of lending money to the farmer, and if the farmer cannot get enough money from him and applies to somebody else, he will be met with the reply, "The government has a lending agency, and if you cannot get the money there, do not expect me to take your risk."

I submit therefore that the bank must be in a position to consider freely the risk it is asked to carry, and it must be in a position to be reasonably lenient to the farmer, because almost every other line of credit will have been eliminated. I say this in fairness to our local bankers. The local bank manager is usually a good citizen. I do not believe he is going to take an undue risk even with the government taking twenty per cent of the loss, but he will be more sympathetic and will feel freer to sit down in his office with the farmer who needs a loan, knowing that twenty per cent of any loss is guaranteed by the government. But if the local banker under these circumstances is not sympathetic and refuses the man a loan, where else can he get credit? The old retired farmer who might have lent him money will say, "Have you been to your bank and borrowed money under this new act?" and if the man says, "Yes, but the fellow down at the bank was never friendly to me and he will not let me have the money," the retired farmer will say, "Have you any implements?" I am simply bringing out the point that if the local banker does not give the borrower a sympathetic hearing, he has nobody else in the village to whom he can go to borrow money.

Mr. CRUICKSHANK: If my hon. friend will allow me, my understanding is that this is not to take the place of mortgages but is providing for loans to enable agriculture to carry on.

Mr. ROWE: I was just coming to that. It guarantees the bank ten per cent of its loss on loans on improvements and implements.

Mr. CRUICKSHANK: To enable the farmer to carry on.

Mr. ROWE: Yes, to carry on. Section 3(1)(d) says:

> the principal amount of the loan did not at the time of the making of the loan, together with the amount owing in respect of other farm improvement loans previously made to the borrower and disclosed in his application, or of which the bank had knowledge, exceed the sum of three thousand dollars.

Another section of the bill provides that the bank may take a farm mortgage up to $3,000, and I was just coming to that feature.

Mr. ILSLEY: Only if the loan exceeds $2,000 and the period for repayment is longer than five years.

Mr. ROWE: Yes. I come to the other angle, in reply to the hon. member for Fraser Valley. Under this bill you are in almost the same lending field on mortgages as you are on loans. A loan of $3,000 may be sufficient for the small farmer, but $3,000 is not a very big loan to a farmer who is farming with mechanical equipment. But when you have a mortgage on his land he cannot get credit anywhere else, no matter how big his farm may be.

Mr. WEIR: Would not that man utilize the Canadian farm loan board for a longer term loan, which would not affect his credit to the same extent?

Mr. ROWE: I agree. The Canadian farm loan board takes mortgages not only on the ground but on the chattels. You have already used the mortgage on the chattels. On the other hand, if the farm loan board can take mortgages, why put mortgages in this bill at all?

Mr. WEIR: Just for special cases.

Mr. ROWE: That is the very point I am endeavouring to make. I want the minister to think this over seriously. We should not touch the loan field in any one of these cases unless we can go as far as it is economically sound to go, because, whatever field you touch, for that particular field you will detract from the attraction of the ordinary normal creditor. Personally I would rather see this bill go through the house guaranteeing twenty per cent instead of ten per cent. I hope it is possible. I realize that there are many difficulties. I hope it is possible to make loans at four per cent; I think it is desirable; and the banks could be assured of twenty per cent. I say this in all seriousness. To my mind there is little more risk being taken. Your bank managers are sound business men, and can help the farmers and business people generally across the dominion by sound advice. I am not so sure that if you gave them sufficient backing you would not get the best pro-

tection for the treasury and the dominion that could possibly be secured in Canada. But give them sufficient backing, or support, or guarantee, whichever term you choose to use, to enable them at least to function. If you do, they will be more apt to deal sympathetically with the farmers' requirements.

So far as the farm mortgage part of it is concerned, I think that should be eliminated. Either eliminate it or leave it to the discretion of the banker to fix a higher limit. In other words, you should not enter that field at all to disturb the possibilities of the farmer getting the loan from the farm loan board.

Mr. CRUICKSHANK: What does the hon. member mean by a higher limit—ten per cent, or twenty per cent, or what?

Mr. ROWE: A higher guarantee. It should not be restricted to $3,000. I realize that our farm land prices, especially in Ontario, through the years of depression from 1930 to 1940 have gone to a pretty low level at times, but I am convinced that there were literally scores of farms that would have been sold and sold at reasonably good prices and young men would have started on them had they been able to find credit. In ninety per cent of these cases, in the province of Ontario, the reason why they could not find credit was that the Farmers' Creditors Arrangement Act frightened the old line lenders.

Mr. CRUICKSHANK: I do not want to interrupt the hon. member. He states that in ninety per cent of the cases he mentions the reason why loans could not be secured was that the Farmers' Creditors Arrangement Act frightened lenders. Will he not agree that the reason was in large part the fact that the economic situation was such that the prices of agricultural products were too low?

Mr. ROWE: That is quite true, and I thought I said that at the outset. But I am speaking of Ontario. Let me put it this way. Ninety per cent of the old normal type of creditor, the retired farmer or the lawyer who had money in trust, were eliminated because the Farmers' Creditors Arrangement Act ruined credit. I do not think this will ruin credit, but it will restrict the extension of credit and take it out of that field.

I would urge the minister therefore to reconsider first the ten per cent guarantee and make it twenty per cent. I would ask him to reconsider the mortgage clause and either make it adequate so that it will work in practice, or eliminate it so that it will not be required, and allow the farm loan board or other mortgage agencies to deal with mortgages as required. I would much prefer a mortgage of $10,000 on some farms to a mortgage of $3,000 on some other farms. It depends on the ratio. It is better for the government to extend through their bank a mortgage of $10,000 on a $15,000 farm than a mortgage of $3,000 on a $4,000 farm, and I see no reason why it should be fixed at any particular figure. Certainly if it is fixed at a figure, that figure should not be the arbitrary amount of $3,000, because in my opinion that would be only a nuisance mortgage.

An hon. MEMBER: Would you not put on any limit at all?

Mr. KINLEY: There is no limit except ten per cent; you can get all you want.

Mr. ROWE: A limit of $2,000 or $3,000 on implements, or to assist in improvements, might well stay at that level. Even $3,000 is not a reckless risk to take in connection with general equipment required on the average successful farm, where that includes live stock and farm implements. But when you go into the other field you find that the amount proposed is too small. It is too small to assist and therefore becomes a nuisance mortgage. And it is the first mortgage. I would like to know if there is any member in this house who would find anyone to take a second mortgage under these circumstances when it is so difficult to get the first.

I suggest therefore that the minister consider either the elimination of the mortgage clause or the desirability of making it sufficiently flexible to enable it to work. I am convinced that there is not a single feature that will endanger the credit of farmers more than allowing the government to take the first mortgage and leaving it to doubtful lenders to take the second.

Mr. ILSLEY: Under this act it is not necessarily the first.

Mr. ROWE: It may not necessarily be the first, according to the letter—

Mr. HOMUTH: Would they take a second?

Mr. ROWE: That is the question. I say to the minister: Is it going to be your practice to take a second?

Mr. ILSLEY: The government is not going to operate it. The government will be supervising it, but not operating it. The banks will operate it.

Mr. CRUICKSHANK: Will the banks take a second?

Mr. HOMUTH: They will never take a second.

Mr. ROWE: With the government supervising and the bank operating it, and knowing

the present Minister of Finance, as I know him, and it is only to his credit to say so, I am sure he will be very leery about a second one. Even he, in all his kindness, will leave it to John Jones, the retired farmer in the district, and John Jones will shake his head, as an hon. member over there is doing, and will decline to touch it. The farmer will then go to the farm loan board and someone will come and examine his farm. He will then say to the farmer, "You went to the bank, did you not?" The farmer will say "Yes." Then the other will say to the farmer, "You could not get it from the dominion?" "No." Well, whether it might be politic or not, the other man will say to the farmer, "You could not get credit from the government, and there must be some reason for that, because they can throw billions around here and there; they are not so small in their loans. If your credit were good they would have given it to you."

I am not critical of the bill, but I am throwing this out as a warning. I know the purpose is to help the farmer with reasonable credit rather than to injure him, but I fear that the purpose in view will not be achieved, and in the end, crude as this may sound, despite our good intentions, we may simply be adding insult to injury and depriving the farmer of other credit which he might have been able to obtain.

Mr. E. G. HANSELL (Macleod): In discussing this bill providing short term credits to farmers for the improvement of their farms I do not do so as an agricultural expert. I will admit, of course, that I know very little about farming and agriculture in general. I might dip one of my hands in one sack of wheat and the other in another and compare the two, and I would not know that there was very much difference, except that one might look a little bigger than the other.

Mr. KNOWLES: They may both be oats.

Mr. HANSELL: They may be something else. I may look at two cows and I think I would know the difference between a Holstein and a Jersey. Once upon a time I did see a picture of the leader of the Progressive Conservative party milking a cow; I knew then which was the cow, but I do not claim to be an agricultural expert. I do not think it requires an abundance of knowledge about agriculture to discuss this bill. I do not know how much the Minister of Finance (Mr. Ilsley) knows about agriculture, but I do know that he knows something about finance, about banking, about credit institutions, about mortgages and related subjects, and he is the man who brings down the bill. It is purely a bill which concerns those who are interested in monetary affairs.

I do not think we can very well oppose the measure, because after all Canada's orthodox Minister of Finance is bringing it in for the purpose of helping the farmer to get credit on easier terms. While we may support the bill, what is actually needed is more fundamental legislation, legislation that would have the effect of putting the farmer in such a position that he would not have to borrow money for the improvement of property, buying machinery and things in general on his farm. Of course I am not saying that industry ever operates without certain credit facilities; whether it is secondary industry or primary industry they all find it necessary to borrow money, pay overdrafts, and so on. But I do say that what is needed is some legislation that would fundamentally change the present system of financial operations. When that is done, agriculture will have its chance, and secondary industry, though a bit better off in past years than agriculture, will also be in a better position. The fact of the matter is that fundamentally industry is never self-liquidating under the present system of borrowing.

This bill is a measure to provide loans for improvement of farms. Anything that will improve the farm will make it more valuable. I agree with the hon. member for Fraser Valley (Mr. Cruickshank) when he says that the difficulty is not borrowing money but being able to pay it back. The difference between agriculture and secondary industry is that when secondary industry borrows money for the purpose of production those borrowings are written into the costs of its production. The result is that when the goods are sold the loans are retrieved and paid back. But that is not what happens with agriculture. The main difference is that secondary industry puts a price tag on its production that meets the requirements of the debt, but the farmer never puts a price tag on his production. He is a gambler—not that he wants to be, but the very nature of his business makes him one. He has to accept the available price for his production and take a chance on whether or not that available price will enable him to retire his debt.

I should like to see a crop failure paragraph in this bill, because the farmer operates on a yearly basis. If he has a crop failure one year his loan is still held intact, and he finds it necessary to continue to pay the interest on that loan—

An hon. MEMBER: Compounded.

Mr. HANSELL: As my hon. friend says, compounded. That happens whether he has

a crop failure or not. The fact of the matter is it does not cost the bank anything to carry that loan for another year. That may be subject to a lot of discussion. As a matter of fact the banks do not lend the farmer anything, in reality. The banks lend debt. When the farmer goes to the bank he gets a debt in the form of financial figures. The only obligation that is imposed upon the banks—and I am using a crop failure year as an illustration—is what it costs to carry that debt, which is very little. When I say, "costs to carry the debt" I suppose I shall have to include the interest of one and a half per cent that the banks have to pay when that debt becomes deposits in the savings accounts of the people. Therefore I say there should be a debt paragraph in the bill which in a crop failure year would stay the increase of the debt in so far as interest is concerned. There would be no interest in a crop failure year.

The hon. member for Portage la Prairie (Mr. Leader) has told us of the danger to farmers by reason of their being able to obtain easy credit. I may agree with him there, but I would also say that any credit is a danger, whether it be easy credit or hard credit. Any credit is a danger because credit given to farmers by banks is a debt, and any credit is a danger in that sense. There is only one credit that is not a danger, and that is social credit.

I wonder if the minister, in discussing this bill, took the various agricultural organizations into his confidence. I do not know that it would help him very much, I must confess, because in reading much that is published by agricultural organizations I notice that they tackle almost every farm problem except the problem of farm debt. They deal with almost everything affecting agriculture, including markets, but somehow or other they do not seem to deal with the problem of a proper fiscal policy for the farmer. They may think they do, but I must confess that I find a sad lack in their literature in this regard. For instance, may I quote from a pamphlet issued by the Canadian federation of agriculture, which is rather enlightening. This is an address which was broadcast by Mr. Pearson, who is our representative on the United Nations Relief and Rehabilitation Administration, with respect to the Hot Springs conference. I heard the broadcast, and thought it was very good. This statement is very significant:

> The application of science to agriculture has for the first time in history now given man the physical means for conquering want. Whether he has the economic sense and the social wisdom so to apply his scientific and productive knowledge that the food which is grown gets to all the people—well, that is another question.

[Mr. Hansell.]

That is the question, and Mr. Pearson does not go into the problem of how the food is to be distributed to the world, which I claim is a fundamental difficulty that has to be solved. If it is a matter of distribution, then it is a question of money. Then I have an address by Mr. Paul Appleby, which is also issued by the Canadian federation of agriculture. In these remarks I am not criticizing the federation; I am simply suggesting that while they have attempted to solve many problems of agriculture they do not seem to have tackled the most fundamental problem of all. I have mentioned this address by Mr. Appleby; I do not find any of my markings in this pamphlet, so I fancy I need not comment on that. In any case these people will know that I read their literature. Another publication by the federation is entitled "Farmers Meet the Cabinet," and it is very interesting. I do not know whether they got very far, but the pamphlet contains a paragraph on government subsidies. I am not going to read it, because I do not want to take the time of the house in doing so, but it gives the psychological impression that they are more or less apologizing because the government have given subsidies to agriculture, and they argue that after all the subsidy is given to benefit the consumer. That argument is right; I have no quarrel with it, but let me say that agriculture has no reason whatever to apologize for government subsidies. I agree with them, and I have no particular criticism to offer of the financial policy of the government in respect to subsidies. I do say, however, that agriculture is not self-liquidating under the present debt-creating system. The hon. member for Battle River (Mr. Fair) said he wanted agriculture put on a proper footing. So do I; so do we all. We want agriculture in such a position that with parity prices it will be able to pay its way. But let me add that in my humble opinion if one branch of Canadian industry is self-liquidating, it is at the expense of another branch of Canadian industry almost going into bankruptcy.

I am not going to say anything more about this matter of government subsidies, Mr. Speaker, because I am afraid you are apt to say it is a bit out of order, though as a matter of fact when we come to discuss a bill of this kind we are almost bound to discuss the operation of agriculture in respect to prices. Now I have another pamphlet issued by the Canadian federation of agriculture which deals with the federation itself; what it is, how it works and what it advocates. On page 11 they talk about farm income, and the concluding paragraph reads:

> The federation believes that until the principle is accepted that farmers are entitled to

a fair exchange value for the products of the farm with the products and services of non-farm groups, there can be no secure future for agriculture.

In reality all that is said in this paragraph is that there must be parity prices; but if I am correct in saying that industry is not self-liquidating under a debt-creating system, parity prices of themselves will not do the trick for agriculture. I should point out, however, that on page 14 of this pamphlet I find one short paragraph dealing with farm credit. I do not think I need read it, for it simply says that farm credit should be available. With all that, however, they do not seem to recognize what is inherently the fundamental problem of all industry.

I shall close, Mr. Speaker, simply by saying that it seems to me such an organization as the Canadian federation of agriculture should have within itself a body or a committee of economic advisers. And may I suggest that if they ever have such a committee, it is of no use to have economic advisers who have not been able to advise in days gone by. They must be economic advisers with a new idea, advisers who know what is wrong and who will advise as to the right way out.

As I have said, I am going to support the bill. It is purely and simply an orthodox bill. It will not do the trick; do not think it will. It will not save the farmer completely; it will help to lengthen his suffering days, but just the same I will vote for it.

Mr. A. W. NEILL (Comox-Alberni): I think the general opinion of hon. members is that this is a good bill. Any criticism that has been offered has been in an endeavour to make the legislation more useful, and has consisted of two suggestions; first, that the rate of interest should be reduced, and second that the government's share of responsibility should be greater. The hon. member for Dufferin-Simcoe (Mr. Rowe) introduced a new angle along this line. He pointed out something which is no doubt correct—although I do not give it the emphasis that he did—that under this bill it might be possible for a bank to take a mortgage for a small loan. They have that power under the act. That would to a large extent cut off a man's credit. He would not be able to get credit otherwise, once it was discovered that the bank had a mortgage on his property, even for a small amount.

However I do not anticipate the trouble anticipated by the hon. member, and for two reasons. The first is that this is primarily intended to be a small loan bill to help farmers in a small way and, as I understand it, for a comparatively temporary period. The purpose of the bill is not to finance a farmer, but rather to help him. And unless a farmer has some stake in his land, and some reasonable assets, it is not proposed that this bill will enable him to start farming and finance him for his land, implements, stock and everything else. This is regarded more as a temporary matter.

On the other hand there is this feature, that even if he had a small loan for two or three hundred dollars, if he afterwards deemed it advisable to get a larger loan he could always get it under the Canadian Farm Loan Act, and he could repay this temporary loan.

I agree with those who have advocated that the rate of interest should be reduced. That would only bring it in line with the interest charged under the War Veterans' Allowance Act. I have had long experience with farmers, and I know that the less mortgage a farmer has, the better. He cannot afford to pay the high rate of interest which perhaps it would be fair enough to charge those engaged in some other lines of activity. If he is going to have any mortgage, then he should be able to get it at a low rate of interest. In my view four per cent, or even three and a half per cent, would be reasonable.

That, of course, would require consideration of the other objection which has been raised, namely, that the government should take a larger share of the loss, if any. It has been suggested that it be raised from ten per cent to twenty per cent. This would be essential if the lower rate of interest is conceded. Because even at five per cent I doubt if the average bank would be bothered. They are getting only a ten per cent repayment from the government, and their loans would be small. They can lend money at as much as six or eight per cent, and they are not going to be bothered with it. You can lead a horse to water but you cannot make him drink. And our appeal will not make them lend money if the proposal is not a reasonable one. Therefore, if we are to compel them to lend at four per cent it would be reasonable to expect the government to assume a greater responsibility of the ultimate loss, if any.

One other point, and it is this. According to the bill the governor in council may make regulations dealing with so many different matters that they extend over a page and a half. Well, I suppose that is necessary, but it entails great danger. For heaven's sake let the government use its power to make these regulations as simple as possible, and make the process of getting loans under this measure as rapid as possible. The government passed a reasonably simple act in respect of old age

pensions, and gave power to somebody to make regulations. Those regulations made a completely new bill; one would hardly recognize it as the same bill. I hope the government will exercise its control in the present instance and prevent anything of that kind—because it is quite possible to condemn the bill entirely by way of regulations. They can go all over the shop with these regulations, and if that is done inadvisedly it will mean that the bill would be of no use at all.

Following out that idea I would impress upon the government the fact that a great deal of the advantage in connection with loans of this kind is that a man can get a loan quickly. If he cannot get it quickly it is not worth much to him. There may be an auction sale, or a man may have a chance to buy sheep at a low price. If he can get money in a few hours or in a few days, well and good. If not, a provision of this kind is of very little use to him.

A few years ago a man came to my office wanting to borrow $200. I told him all about the Canadian Farm Loan Act, and about the procedure he would have to follow. "But", he said, "I want the money now. I do not want to wait three or four weeks, or perhaps six weeks, while they go all through the red tape three thousand miles away. I want the money now." It was of no use to him if he could not get it right away. Instead of borrowing from the government at four per cent or five per cent I lent him the money at six per cent, and he later repaid it. The point I make is that he was willing to pay six or eight per cent to get quick action. That is the main thing in connection with these small loans, when a man goes to buy a bull, a horse or something of the kind. The regulations may say, "You have to write to Jones." Then Jones sends you a form. You fill out the form, and you sign your name. Then in the fulness of time you are advised that you have misspelt a word and you have to begin again. Then it is sent to Ottawa, and the man at Ottawa is on holidays —and I have seen this happen—and the usefulness of the loan has passed.

This is a good bill, and a good principle, but it should be made as simple as possible and the interest rate should be cut down. Make it worth the bank's while. I am not advocating the interests of the bank—it is most unpopular to defend the banks these days; one would think they were the spawn of the devil. But we cannot compel the banks to lend money, and if we do not give them a reasonable deal they will not be bothered. Therefore my suggestion would be to reduce the interest rate and make the regulations simple.

[Mr. Neill.]

Mr. ANTHONY HLYNKA (Vegreville): Mr. Speaker, I object to the second reading of the bill this afternoon. We received a copy of it as late as eleven o'clock this morning, and have had only two or three hours to look over it. I suggest to you that members did not have enough time to digest the contents of the bill or to analyse what it contains. Therefore they are not in a position to discuss intelligently an important measure of this kind.

I do not wish to reflect upon those who have already spoken, but I say that any measure affecting approximately a third of our population should be printed a few days before it is debated in the house, and should be distributed to members of parliament so that they may be in a position to give it study before being asked to comment upon its merits or demerits. This measure will affect approximately thirty per cent of the people in this country. Agriculture has been our fundamental industry, and upon its success depends the success of people in many walks of life. I agree with the hon. member for Macleod (Mr. Hansell) when he says that agricultural organizations should have been consulted. In my opinion the bill should have been printed a few days ago and distributed both to agricultural organizations and to members of parliament, so that they might be properly prepared to make their comments.

Divorce bills are usually printed well in advance, bills which most of us hardly read, but a measure of this sort is rushed through as quickly as possible and we have little or no time to look it over.

I would draw your attention to section 7, special powers of bank, which reads:

—if a bank makes a guaranteed farm improvement loan the principal amount of which exceeds two thousand dollars and the period for repayment of which is longer than five years, the bank may at the time of making the loan take as security for the repayment thereof and the payment of interest thereon—

(b) an assignment of the rights and interest of a purchaser of the farm under an agreement of sale.

To me this section indicates that if a bank takes a mortgage upon a farm home and the farmer fails to meet his debt on time, he will be forced to give up his land. In 1938 the province of Alberta passed the home owners' security act which was later disallowed by this government. The purpose of that act was to prohibit the foreclosure or sale under mortgage of any farm home. I suggest that ten years from now many of our western Canadian farmers will find themselves in a position similar to the one they were in from 1929 to 1939 and the financial institutions will proceed to foreclose upon their homes.

I intend to support the bill, but object strongly to any provision which would permit a lending institution to foreclose upon the home of a citizen of this country. The family is an important institution in our nation, and we must have high regard for its welfare. Every family should have a home. If a mortgage is given upon land by a farmer I say that the home of the family should not be allowed to be sold for a debt. The time will come when the farmers of this nation will demand from the government that such a bill be passed so that they may be sure that at least they will have a home from which no one can evict them.

I notice that the bill provides for a total of not more than $250,000,000 in loans over a period of years. At the end of 1941 the private debts of our Canadian farmers amounted to $629,000,000, which works out to $2,372 per farm. The $250,000,000 provided in this bill is only a fraction of the money which the farmers of this nation owe to-day, and that does not include the debt written off and other private debts not covered by mortgages.

On a previous occasion I gave the house the details of the indebtedness as it stood in 1941 and as it affected the farmers in each province. I do not intend to repeat the remarks I made previously, except to say that forty-eight per cent of all owned farms in Canada are mortgaged. To me that is an indication that there must be something very much wrong. I have just received a pamphlet from the national farm radio forum and it has this to say under the heading of "The Federal Intermediate Credit Banks":

> The present rate in effect in the continental United States is one and a half per cent and in Puerto Rico two per cent.

Why is it not possible for Canadian banks to make credit available to our farmers at one and a half or two per cent interest? The hon. member for Comox-Alberni referred to the fact that we shall be providing credit to our returned men at three and a half per cent. Why should we not be able to provide our farmers with lower rates of interest?

The government promises to guarantee certain losses up to ten per cent. I do not know that I can say much about that at this time. May I say, however, that no matter how honest and efficient a farmer may be, if he is forced to sell his production at below the cost of production, if he is not given protection from the hazards of nature, he will fail to meet his debt obligations. This has been proved by the experience of the past, particularly in the period from 1929 to 1939. The farmer must get parity prices for his products, and not on the 1926-29 level which is used by the Minister of Agriculture.

It should be a parity price which will constitute a proper relationship between the prices which the farmer gets for his products and the prices which he has to pay for the goods he buys. Again, the farmer must be protected from the losses caused by hail and frost and other hazards of nature so that he may be in a position to meet his debt obligations as they fall due.

The minister knows very well that the government has no say as to the amount of credit in circulation, and as this power rests in the hands of the banks, I suggest to him that the banks will restrict credit in the future and then proceed to foreclose on the homes of the farmers. I wish to underline the necessity of amending section 7 (1) (b) and so give protection to the banks in lending to the farmer and at the same time protect the home of the farmer from foreclosure.

Mr. W. G. WEIR (Macdonald): Mr. Speaker, after listening to the hon. member for Vegreville (Mr. Hlynka) condemn this measure I am surprised that he stated earlier in his remarks that he would support it.

I think we sometimes overlook just what the purpose of this bill is. It is not designed to take away or remove entirely the facilities that now exist for people securing credit from other sources. For instance, the farmer who has victory bonds, as no doubt many of them now have, would have one of the best sources of security with which to go to a bank and borrow money, and he would be able to borrow it at a lower rate than is proposed in this measure. This legislation to me is merely a step in advance of what we already have. It is to meet the particular requirements of a class who have perhaps experienced some difficulty in the past in securing the credit which they need. We have had in existence the Canadian farm loan board which provides for a particular type of long term credit. We have, in addition, banks and private individuals lending for other purposes. The type of loan provided for by this measure fits in between these two other types of loans, and the bill is designed, as I see it, to meet a little more than the ordinary seasonal requirements of farmers, and to take care of requirements that continue beyond one season into another.

Let me illustrate by taking the case of a man who wants to buy a farm implement and has not sufficient money to pay for it in cash. Heretofore we all know that the farm implement companies have provided a good deal of the credit facilities for that type of business. They have naturally been obliged to protect themselves by perhaps adding to their prices and by securing a rate of interest sufficient to cover that type of business. I

look upon this measure as designed to meet that type of requirement, so that a man who wants to buy some farm implement will be able to go to the bank and secure a loan, giving security on the implement he is about to buy, and receiving a loan at a rate of 5 per cent, enabling him to make a cash deal with the implement company.

The hon. member for Dufferin-Simcoe (Mr. Rowe) appeared to be afraid that the entry of the government into this field of lending might have the effect of drying up other sources of credit. I do not think his fears in that regard are well founded. I think that other sources of credit have been affected for reasons other than government lending. Governments have come into the picture and have provided credit, it is true, and in the matter of farm mortgage loans, particularly in western Canada at the present time, it can be assumed that the government agency is making most of the loans and that private loans have largely dried up. That is to be regretted, and I agree with the hon. member to that extent; but other conditions have been partly responsible for that. The Farmers' Creditors Arrangement Act, as the hon. member suggested, has undoubtedly played a part as well in drying up other sources of credit. Other forms of security have taken a prior position to the farm mortgage as first-class security, but the same credit facilities will still be available for the man whose assets make him in the eyes of the bank a credit-worthy risk. That is all I want to say with respect to that particular feature.

I wish to draw the minister's attention to the banking facilities that are available in most parts of western Canada. I look at the area around Winnipeg. The banks are naturally located there and they do a considerable country business. There is not a rural bank in the area with which I am familiar within forty or fifty miles of Winnipeg. This is the point which the hon. member for Comox-Alberni (Mr. Neill) made, that the banks are not conveniently located to meet the needs of those requiring this type of loan.

There is another thing I have in mind in regard to this measure as it will be operated by the banks. I am not suggesting that it should be handled by any other means, but city banks, for example, are managed largely by the city type of banker, not by a rural banker, and I am just wondering if that type of banker would give the same attention to farm loan requirements that the experienced country banker would. I have all kinds of confidence in the country type of banker so far as the requirements of the farmer are concerned, but since our country banking facilities are very limited, full account should be taken of this aspect of the matter. If the city banker does not like doing farm business, the position of the farmer in getting accommodation under this legislation is going to be weakened. I shall be obliged if the minister when he is making his reply to the observations that have been made this afternoon will make some comment on that.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I am not a farmer and I am not a banker.

Mr. ROSS (Souris): Why?

Mr. GILLIS: Nevertheless I am going to express my opinion on this measure. As I understand the bill before the house, it is merely a repetition of the Industrial Development bank bill applied to agriculture and my hope is that the banking and commerce committee will have sufficient sense to consider carefully the whole matter of banks as they now exist and will refrain from recommending any extension of bank charters, from making any decision on the extension of charters, on the industrial development bank, or with regard to farmer's intermediate and short term credit, or the Quebec savings banks until such time as the picture is more clear. The world to-day, in my opinion, is in a fluid state, and those who are thinking in terms of regulating the currency and credit of this nation or of any other nation as it was prior to the outbreak of this war are not cognizant of the world situation. To-day international organizations are now talking about developing currency and credit in the international field for the exchange of goods and commodities between the different countries, and when that body lays down its mandate in that field it will affect the internal economy of every country, I do not care who is in power.

As I see the present proposals which the minister has brought in, and as I listen to and read the controversy that is taking place in the banking and commerce committee, it is all an indication to me at any rate, as a layman who makes no pretence at being an expert, that the whole matter of currency and credit is confused and requires a good deal of clarification.

The bills themselves and the discussions that I have listened to in the house are a clear indication that we require a lot of serious thinking on this matter of currency and credit, because, in my opinion, it is the kernel of the whole economic system, and unless that is sound we are in for much confused post-war planning. I think, and I believe the minister does also, that the measures are not going to be of very much value now during the

process of fighting the war; they are designed to take care of some of our post-war problems both in the field of reconstruction and industry and in the field of the stabilization of agriculture. If that is the purpose for which they are designed then I suggest that until such time as the international picture and the national picture as well are clearer than they are at the present moment, the banking committee would be well advised, instead of definitely deciding that this is the cure for our post-war ills, to undertake a close study and to come to a clear understanding of post-war problems. I suggest that they might take that view instead of deciding that this is the remedy.

Of course I realize that these measures can always be changed; but it must not be forgotten that this government is on the eve of an election and while they may have these measures passed now—

Mr. McILRAITH: Do you know the date?

Mr. GILLIS: No, I do not, but I am reasonably sure it is not too far away.

Mr. HANSELL: October 15.

Mr. GILLIS: They may have these measures passed and become law, but they may not be here to administer them. I have in mind, for example, the passing of the National Housing Act in 1936—I believe it was in that year but I am not sure—and I am afraid of the latitude given the minister in this bill. My fear is based on that National Housing Act, because the minister had a good deal of latitude under that measure, and I remember distinctly that when we tried to have the act implemented in the eastern end of Nova Scotia, the city of Sydney was informed at that time by the then Minister of Finance, Mr. Dunning, that it was not considered that there was sufficient prosperity in that end of the country to warrant the expenditure of public moneys in a building programme. The then minister exercised his authority under the act. Under this bill the minister at his own discretion can terminate any form of loan covered thereby. Section 3 clearly states that the minister may, with the approval of the governor in council, by notice to a bank, terminate the operation of that section with respect to any class of farm improvement loan, and so forth. Suppose the next minister is not a very conscientious fellow—

Mr. ILSLEY: He will be.

Mr. GILLIS: The minister says he will be.

Mr. ILSLEY: All finance ministers have been.

Mr. GILLIS: Well, none of us is sure he will be here to-morrow. As I read this bill, I may be suspicious, and perhaps my suspicion is based on experience, since I am a graduate from the school of hard knocks. At any rate, it seems to me that it is not a bad bill on the eve of an election, though I cannot see any solution for the farmer who requires money under it. The minister is in a position, after the election is over, to curtail or restrict or change or terminate this thing completely.

Mr. MacNICOL: There may be a change of ministers.

Mr. GILLIS: I am not a prophet but I am taking this bill as it reads. Personally I cannot see any redress for the farmer under the bill, though I have read it carefully. What is the experience in Norway, Sweden, Finland and France in connection with agricultural credits? They have endeavoured to solve the problem, and I know the machinery now being set up, both in the field of industrial development and in the field of agricultural credits, is not new. It was tried in the countries I have mentioned. The idea is merely to endeavour to extend and to build for the future on a machine which in my opinion has crashed and is beyond repair. That is why I do not want to pin our post-war plans in either field on this kind of machinery. You are not making any changes. You are still vesting in the chartered banks the right to issue or to withhold loans if they so desire. On the other hand, the government is going to accept a certain percentage of risk on the aggregate loans. As I heard the matter discussed here, I was led to believe by some members that the government would accept ten per cent of the individual loan. According to the bill, it is the aggregate loan. I presume at the end of the year the banks would file a statement with the minister that the aggregate loans under the measure, in their particular branch, amounted to so much. They may have defaulted to the extent of such and such an amount and the department then assumes ten per cent of the liability of the total loans outstanding in that branch. Well, that might run into a considerable amount of money. However, I am not concerned about that. What I am thinking about is this, that the government guarantees the loan and does so with the taxpayers' money; and if the taxpayers' money is to assume the risk either under the Industrial Development bank bill or under this legislation, then I think they should expect to receive some benefits from it.

My Tory friends to the right and some of the Conservative members on the other side are very much concerned when one speaks about government control or the socialization of finance. They get all hot and bothered about that. The solution of the problem of

reconstruction and rehabilitation has been handed to the minister and the government. Industry says, "You accept the risk and allow us to make profits." There is nothing that smacks so much of that so-called enterprise as that. That is not a system, because if the system under which we have lived in the past has lacked anything it has lacked system. It is the most haphazard, grab-as-you-go system that has ever been or could be evolved. Their reason for existing and for wanting to perpetuate their future is that they take risk in the field of investment. Neither in the field of industry nor in the field of agriculture are they going to assume any risk in the future.

As I see it, what we have here and what we are evolving is a managerial form of society with the government managing the country, taking the risk, providing the services and guaranteeing the profits to the fellow who is not obliged to do even the thinking in his own private enterprise.

Mr. FRASER (Peterborough West): If we had that it would be a terrible country.

Mr. GILLIS: That is exactly what we have. If the hon. member cannot see it that is not my fault. That is exactly what we are building up. We are not so far away from it.

I said I was not an expert on banking or finance. I read these things and I try to apply some common sense to them. What I am afraid of is that we may do this in a hurry and make a mess of it. When the Industrial Development bank bill was before the house I said that we of this party want to see the people of Canada benefited by the future activities of our government. I have reiterated time and time again that the thing we quarrel with is not what somebody else owns; that is immaterial. We have quarreled with the fact that the control exercised by the banks and industries of this country is complete control over the initiative and the wealth-creating means of the people themselves. Because of that control they are restricted. It is that control we want to unharness. We are not concerned with what the banks and industries have, but it is a fact that they can hold back the creative energies of the people in developing the country's resources for themselves.

The hon. member for Macdonald (Mr. Weir) talked of being afraid of the approach of the city banker to the problem of the farmer who may require credit in a hurry. I absolutely agree with him, because you do not have to go back very far into history in so far as the banking field is concerned to see that. The province of Nova Scotia is a very good illustration. Not so many years ago we had our own banks there. They were owned and managed by Nova Scotians to do Nova Scotia business. We had no difficulties. Then they were merged into a central institution, and to-day if you want to start a small factory or get a loan over $500 you have to go to some central headquarters and clearly define the purposes for which you require the loan. If you are starting something that comes in competition with something that is already tied in with that centre you do not get the money. You have lost control.

When I spoke on the Industrial Development bank bill I tried to focus attention on the possibilities of supporting and developing the credit union organizations across Canada. I think the hon. member for Macdonald struck the nail on the head when he expressed his fear. If there is any institution in Canada that could come to the rescue of the farmer it is the credit union institution, which has been established on a community basis. If the government of this country are prepared to use the taxpayers' money to subsidize or guarantee the loans of the chartered banks in this field, what is the matter with giving some assistance to a movement that is already established in the field?

Mr. ILSLEY: We have no control over them.

Mr. GILLIS: No; you have no control over them, but you have no control over the chartered banks.

Mr. ILSLEY: Oh yes.

Mr. GILLIS: Yes, in theory.

Mr. ILSLEY: And in practice.

Mr. GILLIS: Not in practice.

Mr. ILSLEY: We certainly have.

Mr. GILLIS: I am not going to argue with the minister. The institution to which I refer is already well developed. Thousands and thousands of members have studied the movement. The farmer will require his immediate credits on a community basis. Short-term or intermediate credits are not the solutions of the farmer's problems. That is what has hamstrung him in the past. What he requires is long-term mortgage credit. If short-term and intermediate credit were the solution hundreds of farmers across the country would not have lost their properties. They lost their properties during the depression because they had short-term credits. If the government can protect them I think it should have protected the soldier settlers. It is only two weeks ago that we had a delegation from Manitoba and

Saskatchewan in this city pointing out to the Minister of Mines and Resources (Mr. Crerar) that since the outbreak of this war approximately 606 soldier settlers a year for the four war years in those provinces have lost their properties because of their inability to meet their payments. That has happened during this war. If there was a solution of the credit needs of the farmers of Canada the loss of property by farmers across the country would not have taken place. What the farmer needs is long-term and mortgage credit, not short-term and intermediate credit, which has been the evil of the system in the past.

Many people think credit unions are small. They are not. Those unions consist of a large number of members, and the movement is a national one. There are 129 credit unions in Alberta, 108 in British Columbia, 78 in Manitoba, 146 in New Brunswick, 204 in Nova Scotia, 163 in Ontario, 47 in Prince Edward Island, 749 in Quebec and 128 in Saskatchewan, making a total of 1,759 across the country. These are only branches. There are thousands of members in this association pooling their resources on a community basis. To-day they control considerable finance across the country, and they have developed the field of credit to a very great extent. They have linked up the industrial worker and the rural worker on that basis. They meet together. They iron out their problems together. They are beginning to understand each other's problems.

What militates against that movement to-day is the lack of some central tie-up with the different provinces. It is tied up to some extent in Nova Scotia. It is coordinated with a credit union league, but it is not functioning to lend money on long-term loans or on mortgages. I emphasize the necessity of a national organization that would not only utilize the finances they have now but make use of the brains and the stamina that have been given by those who have voluntarily developed that organization across Canada in a completely new field.

They are not looking for anything for their services. The whole movement is voluntary. It aims at uplifting the intelligence of the people and solving this community credit problem which developed as a result of the failure of the banks to do anything about the matter back in the thirties. This organization has made wonderful progress, and I would suggest that when the banking and commerce committee come to study this bill they get the statistics which are available in connection with this movement and call in the people at the head of it to see if this organization cannot be utilized on a national basis for the purpose of providing long-term mortgage credits for the farmers of this country. If the movement is not large enough to take care of the whole problem on a national scale it could be assisted and developed.

No money will be lost under this movement. I happen to belong to this organization, which I helped set up in Nova Scotia. I have here a note from the manager of the credit union to which I belong. In the ten years during which the movement has been in operation in Nova Scotia it has not had one bad loan, and loans of up to $3,000 have been made by the local branches. This is just one branch, located in one ward of the town of Glace Bay, and the manager states that at the present time their assets amount to $60,000; that they have a savings account of $52,000, a loan balance of $41,000 and victory bonds to the extent of $8,200. This was just a note to let me know how the thing was going, since I was a member of the board of directors until I came here. As I say, this is just one small branch in one section of that community, and there are many others. In my opinion this offers a solution of the problem of farm credit in Canada. Under this set-up the farmer is dealing with his own people. If he meets adverse conditions and cannot live up to the terms of his agreement 100 per cent, he is not called in by a banker who is responsible to a board of directors in some distant city. Whether or not the bank manager is sympathetic—as I believe most of them are—he has no alternative but to squeeze the borrower, for the terms of a loan with a bank cannot be altered. Under this set-up, however, a man deals with his own people, who are not subject to a board of directors in Montreal or Toronto. His board of directors lives right in the community; they know him personally, and can extend his loan and perhaps waive his interest, simply because they are not paying salaries to people whose only function is to scrutinize the balance sheet at the end of the year.

Loans made through this medium are also protected by insurance. These unions insure their loan balance and share capital. According to this letter, which I am not going to bother reading but which I can show to the minister at any time he cares to look at it, their share capital is insured for sixty-five cents a hundred dollars and their loan balance for seventy-five cents a hundred dollars. The way it works, and the way it would work for the farmer, is this. If a man had $500 of share capital and wanted to take out that money as a loan, he would do so. Then he would make his purchase for cash, which means a saving of up to perhaps fifteen per

cent. Supposing something happens in the meantime; the man dies. That $500 is outstanding, but while he used that money that amount remains to his credit as share capital. In Nova Scotia at any rate that loan balance and share capital are insured through the Cuna Mutual Cooperative Insurance Company, which now has offices in Canada and is well established in the United States. That company pays off the loan balance and doubles the share capital to the beneficiary of the person involved in that loan. Many of the insurance companies cannot understand how they do it, but they do; we have had such cases ourselves. Under a set-up like that, with some assistance and encouragement from the federal government, a national organization could be developed to take care of the credit needs of farmers across Canada on a community basis. With this protection by insurance you cannot lose anything, but you will bring about a brand new economic reform in Canada in the field of finance and credit, while each individual member of the organization will benefit.

I am not going to discuss this matter longer; I am sorry to have taken up so much of the time of the house. I only want to emphasize that in view of the unsettled international situation, which is reflected in the situation of each country, with such important questions coming up for discussion as the renewal of the charters of the banks, the development of some form of credit for the farmers, the Industrial Development bank in connection with industry, all looking to the post-war period, it is my opinion that with the picture as confused as it is at present the banking and commerce committee would be well advised to take a year or so to study the set-up and bring in necessary reforms to the whole banking and credit structure, rather than make decisions now while the situation is in such turmoil. In my view this measure does not touch the problem at all; it will not do anything for the farmer as far as his credit needs are concerned. In the first place, short-term and intermediate credit caused many farmers to be dispossessed of their land in days gone by. What they require—and this is not my opinion but the opinion of men who have studied this matter—is long-term and mortgage credit if they are to be given an opportunity to utilize any lending institution in order to rehabilitate and maintain their farms. Short-term and intermediate credit is not the answer; it must be long-term and mortgage credit. There is a possibility of developing that field through the credit union set-up which now is organized nationally, and which has given this question a great deal of study.

[Mr. Gillis.]

Mr. ILSLEY: Just for information, would the hon. gentleman tell me what rate of interest the credit unions charge?

Mr. GILLIS: The rate of interest works out at six per cent per annum. It is one per cent a month on the unpaid balance. If you carry your loan for twelve months it works out at six per cent, but if you pay off the loan sooner you may get your money for two per cent.

Mr. ILSLEY: But it is at the rate of six per cent per annum?

Mr. GILLIS: Yes, but of course the answer is that you are paying it to yourself. At the end of the year they declare a dividend, and you may get three or four per cent on your share capital. You pay six per cent on your loan but you may get back three or four per cent.

Mr. ILSLEY: If you borrow from yourself you are lending to yourself.

Mr. GILLIS: That is right, and it comes back to you.

Mr. SLAGHT: Did I understand the hon. gentleman to say that the insurance at seventy-five cents a hundred dollars is insurance with a recognized company against the possible loss by the union of that hundred dollars?

Mr. GILLIS: That is right. It is a cooperative insurance company. It is seventy-five cents a hundred dollars.

Mr. W. F. KUHL (Jasper-Edson): Perhaps almost everything has been said on this bill that can be said, Mr. Speaker, but there are one or two thoughts which may not have been emphasized as much as I think they should be. I should like to give expression to a few of the facts which I think should be emphasized a good deal more, in the consideration of a matter of this kind. I do not think there is any division of opinion as to the farmer's need of additional equipment, improvements and alterations on his farm. However, what is the consequence of enabling him to make these provisions? I think that is something most hon. members have not followed through in their discussions on the bill.

This is a bill to give the farmer more ready access to credit, so as to enable him, for example, to acquire more farm machinery. Certainly if he is able to acquire more farm machinery and other equipment, he will be able to increase his production in proportion to the amount of equipment acquired. In other words, the result of this legislation, as well as the legislation setting up an industrial bank, and other similar legislation, is to stimu-

late to still great heights the production of this country, whether it be primary, secondary or anything else.

The question I would ask at this point is this: Was the problem which faced the people of Canada before the war one of inability to produce? Were we lacking in production of anything? Was there any lack of production of farm commodities? Was there any lack of any commodities produced in Canada? The answer is obvious. We were being told on every hand before the war that our problem was one of overproduction. Everyone was saying that our problem was not one of production; rather it was the reverse.

Yet to-day we have before us a bill the purpose of which is to stimulate production to still higher levels in the post-war period. If the problem is one of production, or if the distribution could be accomplished by the system of production we had before the war—and it was not accomplished—how do we expect it will be accomplished after the war, with the same principle involved? Before the war the people of Canada were not consuming all the production they desired. For example, lumber was sixth on our list of exports, prior to the war. Yet I am sure that every stick of that lumber could have been used in Canada, had the people been in a position to buy it. That applies not only to lumber, but to many other products, which were exported.

The point I make is that in the discussion on this bill, as in most discussions pertaining to the post-war period, the emphasis has been placed on the wrong aspect of our national life. Hon. members always emphasize the production end of our economy. That is absolutely wrong, because production has never been a problem with us. The problem has been one of distribution and consumption. As some of my colleagues have already indicated this afternoon, if a measure of this sort is to be of any real benefit to the farmers, or if any similar legislation is to be of benefit to any other section of our community, it will have to be accompanied by legislation of a different kind altogether, something far more fundamental.

I contend that this measure will be of practically no avail in helping farmers in the post-war world. There are some who have said that the legislation should be accompanied by other legislation providing floors under agricultural prices. I am heartily in accord with any action which would guarantee a higher income for the farmer. But the point we must not overlook is that if there are floor prices under the products of the farm, and if there are minimum wages, all those factors are again reflected in prices. All costs enter into prices. As far as the aggregate is concerned, in those circumstances the people as a whole are no farther ahead. The mere setting of floor prices and minimum wages will not be sufficient. We shall have to go a good deal farther than that.

The Minister of Finance (Mr. Ilsley) and his colleagues, along with members of the Progressive Conservative party, and all other orthodox thinkers will have to acknowledge the fact that since the industrial revolution, and particularly in the last twenty-five years, no primary, secondary or any other industry ever distributed purchasing power sufficient to buy back its own production. One finds that demonstrated if he examines the balance sheet of any industrial concern. Prices of commodities which come out of an institution are always in excess of the buying power coming from that institution. Therefore the aggregate for the nation as a whole is identical with that of one institution. It follows that the emphasis in respect of post-war legislation should be placed on the consuming end of our economy.

If consumption is taken care of, production will take care of itself. The house constantly concerns itself with the production end; but I am satisfied that if the government would introduce legislation enabling consumers to buy up to the limit of their desire to consume, we would have no problem at all in connection with financing production. But so long as we constantly hope and anticipate that our present income, or the income which will obtain after the war, will distribute the goods produced from industry, so long as we base all our hopes on that kind of thinking, all legislation of this kind is bound to fall far short of what is anticipated.

The hon. member for Cape Breton South (Mr. Gillis) made some observations respecting the ability of credit unions to provide what he considered was the type of credit farmers require. I believe he went so far as to suggest that the credit unions principle was the solution of farmers' problems. Perhaps he would go so far as to say that it would also be the solution of the problem of many other members of our society.

I support the idea of credit unions, but not for the same reason as that offered by the hon. member. I believe he is labouring under a delusion in respect of what is accomplished by credit unions. After all, a credit union is just a savings bank, or a reinvestment of savings. If I take $100 out of my earnings and put it into a credit union, that $100 is represented by $100 worth of goods somewhere on the shelves. If I do not buy that $100 worth of goods and pay my money into the credit union, then that $100 worth of goods remains

on the shelf. If someone else uses my $100 and puts it into new production, that $100 produces another $100 worth of goods. So that there are now two lots of goods, but only one lot of purchasing power. That is the result of the use of the credit union. I agree that it is good as far as it goes, but I certainly cannot grant that it is the solution of the problem of the farmer, of the labouring man or of other world problems.

We should emphasize the consumer end of our economy. Take care of the consumer and the production side will take care of itself. What we need is new credit and not the redistribution of old credit. We are short as it is. In normal times we are short at least forty cents or perhaps fifty cents on the dollar. When we consider the degree to which machinery will be substituted for man-power when the war is over we must realize there will be a further deficiency in our purchasing power.

If the government, or the Progressive Conservative party for that matter, rely on legislation of this kind as a means of coping with the problems of the post-war world, they will be sadly disillusioned before many days go by. They will eventually come to the place where they will agree that the only solution is that which has been advocated by the Social Crediters of Canada and of the world, namely, to supply the consumer with buying power to enable him to buy up to the limit of his desire to consume. Until that is done, we shall fall far short of arriving at a solution of our problems.

If the members of the government and those who are like-minded want to continue bumping their heads against a stone wall until they learn, that is their right, but personally I can see the handwriting on the wall and I am satisfied that there will be no solution of these post-war problems that will provide individual liberty as well as security unless it involves new credit to stimulate consumption rather than production.

Mr. WILLIAM BRYCE (Selkirk): Mr. Speaker, I understand from my colleagues that this is the last opportunity I shall have to speak on this matter, and I should like to add a few words to what I said yesterday. I said yesterday that it was absolutely necessary that legislation of this kind should contain a crop failure clause. If we analyse conditions we find that on many occasions the farmer has been accused of not paying his bills. That is wrong because the farmer more than any other person in this country is gambling with the elements. If he does not get a return for his labour, how can he pay his bills?

[Mr. Kuhl.]

The banker is protected because when a man cannot pay his bill in the fall he is carried over to another year and he has still more to pay. He is faced with compound interest. The farmers are willing to pay. I am a farmer, and a small one at that. I know that you cannot pay your debts if you do not have money coming in. It is the business of the farmer to gamble with the elements all the time.

A man may decide to put in a concrete floor or some other improvement and spread it over three years, as is suggested in the bill. But if he does not get a crop, he will not be able to pay. I have the assurance of the minister that he will consider including a crop failure clause in the bill.

Mr. ILSLEY: What I said was that I would see it was given consideration in the banking and commerce committee when this bill is referred to that committee.

Mr. BRYCE: I would suggest that the provision with regard to live stock should include bees. A number of years ago I could buy bees for $1.95 a package, and to-day I must pay $5. If I bought a hundred packages before, I paid $200, but to-day I must pay $500. The farmers need assistance there and I ask that that be included.

If a man borrows money to buy a binder and because of crop failure he is unable to repay it, I do not think it is right that the bank can come along and take a couple of cows to pay for the binder. If I make a deal on a binder, the binder should stand by itself. I do not think I want to take up any more of the time of the house as long as I have the assurance of the minister that he will look after these two points.

Mr. M. J. EDWARDS (Calgary West): Mr. Speaker, I have one or two thoughts I should like to leave with the minister for his consideration. This bill has reference to farming operations from the man's point of view. There is nothing in it that looks at the problem of farming from the woman's point of view. If you are to have successful, contented and happy farm people, the farmer's wife must feel that way about farming. I suggest that section 2, paragraph (a) should cover not only electrical equipment but plumbing and heating and modern sanitary facilities. These things play a large part in the contentment of the people who farm.

The next paragraph should make provision for washing machines, modern stoves and heating equipment. Why provide all the facilities for the male side of the partnership and not give some consideration to the female

side of the farming operations? I am also concerned about paragraph (i) of section 1, which defines "farmer" as follows:

"Farmer" means a person who is in possession of a farm . . .

Does that mean physical possession or legal possession? A similar term has been the subject of a great deal of controversy and it seems to me that this paragraph ought to be clarified. I think actual residence on the farm is what is contemplated. I believe it is intended that this legislation shall benefit the man actually on the farm, the man who is working at farming as such. Then I would refer to section 3, subsection 1, paragraph (f) which reads:

the rate of interest charged by the bank on the loan did not exceed five per centum per annum simple interest as long as the borrower was not in default.

I think there ought to be some limitation to cover the situation where the farmer is in default. Most of the trouble of our farmers in western Canada in buying machinery and equipment has been that the lien note stated "five per cent until default." Then what? It read all the way from eight to twelve or fourteen per cent. I think there ought to be some limitation, some ceiling, on the rate of interest which the bank can charge when the note becomes in default.

The other point is as to the limit of the liability. Section 3 states:

The minister shall, subject to the provisions of this section and of the two next following sections, pay to a bank the amount of loss sustained by it as a result of a farm improvement loan . . .

And it provides for the government paying ten per cent of the loss sustained. But what is to be included in the term "loss"? The principal sum advanced? The principal, plus accumulated interest? Are legal costs to be included? Are fire, sickness or accident insurance premiums that may have been paid in connection with the loan to be included? I think the term "loss" ought to be clarified to a much greater degree than it now is.

Then section 3, subsection 1, paragraph (b), states:

the application stated that the borrower held an interest in the farm of the nature prescribed for the class of farm improvement loans to which such loan belongs.

I cannot for the life of me make out what is the nature of the interest. Is a tenant to be entitled to borrow? Does he state his interest as a tenant? Is a purchaser under an agreement for sale entitled to borrow? Does he state his interest as a purchaser under an agreement for sale? Are you to have your loans classified according to the nature of the interest held; that is to say, that a tenant will be able to borrow up to a certain amount or on certain things and that the holder of possession under an agreement for sale will be able to borrow certain limited sums and for certain specified purposes? The section is not clear to me, and I should be glad if the minister would elucidate just what is contemplated by that phrase "held an interest in the farm".

Mr. SPEAKER: May I point out to the minister that some consideration has been given in the course of this debate to sections of the bill now before us. The debate should really have been restricted to the principle of the bill and not have dealt with the sections because, if this bill is going to the banking and commerce committee, it will be discussed in detail there, and then come back to the house for further consideration. I suggest to the minister that in replying he confine himself to reviewing the principle of the bill in the light of the discussion which has taken place this afternoon.

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, we have had a very interesting discussion of this bill and, as I understand it, all the members who have spoken are either mildly or strongly in favour of the principle of the bill. I do not know if that applies to the hon. member for Cape Breton South (Mr. Gillis). He perhaps would be an exception, but I do not think he will carry his objection to the bill to the point of voting against it; I would hope not. Other hon. members supported the bill in principle but objected to details here and there, and some did not object to any part of the bill at all.

Mr. GRAYDON: I imagine they wanted to help the farmers, but there is a difference of opinion as to how they can best be helped.

Mr. ILSLEY: Probably that is the situation. I do not know whether I should deal with all the speeches in succession. Perhaps I could answer some questions in such a way as not to depart from the rule that I should deal with the principle of the bill.

The hon. member for Yale (Mr. Stirling) asked me if pumping machinery and other equipment for carrying water through the land of a farmer were covered by the bill. I think I can say that they are under agricultural equipment, but if there were any question about that, it could be dealt with in the banking and commerce committee. Certainly any work for the improvement of a farm is included by the language of section 2, paragraph (h) (vii).

Mr. GRAYDON: Does that include also what the hon. member for Calgary West (Mr. Edwards) suggested?

Mr. ILSLEY: It includes part of it. The hon. member for Calgary West asked whether plumbing and heating—

Mr. EDWARDS: And washing machines.

Mr. ILSLEY: There is a difference. Plumbing and heating would come under paragraph (h) (vi):

the construction, repair or alteration of, or making of additions to, any building or structure on a farm.

Household chattels are beyond the scope of the bill, and are intended to be; but if some good reason were adduced for including them, that would be a matter for the consideration of the banking and commerce committee. The principle of the bill is to enable loans to be made on farm implements, machinery and equipment, live stock and so on, as part of the business of the farm; also on improvements to buildings. But it does not go farther and include furniture or household chattels. Perhaps it should. That is a matter for later consideration.

Mr. GRAYDON: There is the argument that the implements of the women folk on the farm should be put in the same position as the implements of the men folk.

Mr. ILSLEY: Yes; there is an argument there. That is a matter that can be considered in committee.

Several members have taken exception to the rate of five per cent and suggested that the rate should be four or three per cent, but five per cent is lower than the ordinary rate charged at the present time and, as I indicated in a previous debate, if the limit is too low I do not think we can expect the freedom to lend that we otherwise could on the part of the banks. As one hon. member said, you can ask the banks to lend but you cannot make them lend. A fair rate of interest will have to be fixed, having regard to the protection which the government gives to banking institutions.

That raises the other question as to whether ten per cent is too low and whether it should be twenty per cent. In practice there comes a point beyond which one might as well make it 100 per cent as anything above that point. In other words, if the principle of the bill is to be to eliminate risk entirely from the banks and say that they should lend to anybody who applies for a loan, and that we shall make good any loss that is sustained, then the banks take no risk whatever. I do not think the house will approve a bill of that kind; I do not think I would be in favour of it; in fact I know I would not. The banks must exercise some real judgment in the selection of risks under the scheme. It is a matter of judgment on the part of parliament as to where they should put the percentage of guarantee. We put it at fifteen per cent in the home improvement plan and found that considerably higher than necessary, and we thought ten per cent was ample for this scheme. The losses under the home improvement plan were less than one per cent of the total amount lent, and we would be exposing ourselves to severe criticism, I believe, if we placed the percentages so high that the banks would not be taking any risks at all.

Mr. GRAYDON: There must be a happy medium somewhere.

Mr. KNOWLES: After all, this is still private enterprise.

Mr. ILSLEY: Yes. That is a very just observation. The banks are carrying on under the system of private enterprise and they must take some risk. The total removal of risk from private enterprise is justified only if there is a very strict limitation of profit indeed, perhaps the elimination of profit. I have not just thought that through.

There have been various suggestions that the banks should not be empowered to enforce security on the loan. If they are not to be empowered to enforce it they should not be empowered to take it. If they are empowered to take it they should be empowered to enforce it. The one follows the other. The hon. member for Vegreville (Mr. Hlynka) did not object to the taking of security so long as they could not enforce it. That is a very happy and irresponsible position to take. It is popular with everyone. The borrower could get a loan because he could offer security, but when it came to making good on his obligation nothing could be done against him because the banks could not enforce security. That, of course, is not a matter that needs to be argued about further. If the banks are not empowered to take security fewer loans will be made than otherwise would be the case.

It is a question how far we think we should go in facilitating and encouraging lending to farmers in the period ahead of us. We had a feeling that we should facilitate it to a considerable degree. The farmers would be needing a lot of intermediate loans, and short-term loans are pretty well provided for now under the Bank Act as it stands; long-term loans are provided for in other ways by the Canadian Farm Loan Board Act, by the lending institutions of the country, the loan and trust companies. But there is a gap in the credit structure for farmers just as there is for industries, and we are trying to fill the gap in the case of industries by setting up the Industrial Development bank, and for the reasons I state we felt that rather than set up

an agricultural bank, with thousands of branches and a large personnel, it would be better to meet the problem in the way we have attempted to meet it by this bill.

The hon. member for Dufferin-Simcoe (Mr. Rowe) advanced an interesting theory, that because we were supplying these facilities for loans other lenders would withdraw and perhaps we would hurt the farmer more than we helped him. I cannot follow that. I think he was mixed up between the operations of the farm loan board and the operations of the Farmers' Creditors Arrangement Act. It is probably true that the operations of the Farmers' Creditors Arrangement Act in eastern Canada discouraged lending by persons who otherwise would be lending money on mortgage on farm properties. I think it did. I believe that was the case in eastern Canada, but I do not think the existence of the Canadian farm loan board has done that. I do not think the existence of these facilities would do it.

I have noted the observations with regard to the credit failure clauses and have given the assurance that these suggestions will be considered in committee.

The hon. member for Macdonald (Mr. Weir) asked a question as to whether the bankers would give the farmers good service. Before the banking and commerce committee the general managers of the banks, or most of them, will undoubtedly appear, and will give evidence. That committee ought to get just as definite a forecast as they can from the general managers as to how they propose to act in the operation of the scheme, and I think they will be able to get convincing assurances.

While probably it would not be possible for the head office to dictate in detail the action which the managers would take, I think that, with efficient institutions such as the chartered banks of Canada, the spirit in which the measure is to be administered would be pretty well known before very long and all managers would conduct themselves accordingly.

The hon. member for Cape Breton South (Mr. Gillis) suggested that the credit unions should have the same privileges as the banks. He touched on that. I interjected the remark that they are not under our jurisdiction at all. I do not believe that they are under federal jurisdiction. They are organized under provincial jurisdiction and are not subject to inspection by the federal insurance department or by the finance department, and we have no way of supervising the system of loaning of this kind. The hon. member went on to say that, apart from assistance by the government, the credit unions were the people to solve the problem and that they could solve it. I do not agree with him. I think that if we wait until the capital goes into the credit unions to supply the needs of the borrowing farmers of Canada we shall wait a good deal longer than the year he suggests—a great many years. Moreover, the credit unions charge more in the way of interest rates than is proposed under this measure. I do not think it is a practical suggestion.

Mr. GILLIS: I do not want to get into an argument with the minister, but you are setting up new machinery for the chartered banks and you could set up enabling machinery to link up the credit unions on a national basis. You are going into a new field anyway.

Mr. ILSLEY: It opens up a big field that we are not in now and over which I think we have no jurisdiction.

The hon. member for Selkirk (Mr. Bryce) made two or three suggestions which are proper for consideration by the banking and commerce committee rather than by me in the concluding speech on the bill. If he sees that they are not getting consideration in the banking and commerce committee I suggest that he communicate with the chairman or secretary of that committee. One of his suggestions is a fairly minor one.

The points made by the hon. member for Calgary West (Mr. Edwards) are entitled to respectful consideration. Those points had to do with the question about possession and the rate of interest chargeable after default, the definition of loss and what is meant by classes of borrowers and so on. That representation will be given most serious consideration when the bill is before the committee.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

At 6.15 p.m. the house took recess.

After Recess

The house resumed at eight o'clock.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

The house resumed from Thursday, June 8, consideration in committee of bill No. 136, to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways system during the calendar year 1944, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company—Mr. Ilsley—Mr. Bradette in the chair.

On section 2—Power to issue securities for capital expenditures.

Mr. KNOWLES: I should like to ask the minister a question, and I want him to understand that I am seeking information only. When he spoke on this matter yesterday, as reported at page 3645 of *Hansard*, he pointed out that no railway issues have been sold since the outbreak of war, and also that these securities might be sold either to the government or to the public. I have in mind the information given in answer to questions I asked when we were dealing with another Canadian National financing matter, when the minister's parliamentary assistant pointed out that during the course of the war the practice has been to increase the amount of debt held by the government in the consolidated revenue fund and decrease the amount held by the public. Is there any change of policy or any conflict as between what the parliamentary assistant told me was the case and what is now proposed? A supplementary question would be: after this has been carried through, what will be the comparative relationship as between the amount owed to the government and the amount owed to the public?

Mr. ILSLEY: No change of policy is foreshadowed by this legislation. What my parliamentary assistant said was correct. Section 2 is in the same form as last year, and authorizes either method of financing.

Mr. KNOWLES: It is a matter of government policy as to what is done under the provisions of this bill?

Mr. ILSLEY: Yes.

Mr. JACKMAN: As I understood it during the hearing by the railway committee, the money borrowed by the Canadian National from the government bears an interest rate of 3½ per cent, whereas if they were to go to the open market, particularly on some of their equipment obligations, most likely they could borrow at a considerably lower rate of interest. On short-term equipment obligations they could borrow at less than the three per cent going rate on Dominion of Canada securities. I would suggest to the minister that in order to keep the Canadian National on a proper accounting basis, and in order to be able to compare it with the accounts of the other railway, consideration should be given to allowing the Canadian National to borrow in the public market rather than from the government at the higher rate, which puts the publicly-owned company at a disadvantage as compared with the privately-owned company. Would the minister express an opinion on that?

[Mr. Ilsley.]

Mr. ILSLEY: I understand that the rate charged by the government is 3½ per cent, but recently that has been reduced to 2½ per cent on some of the larger loans.

Mr. JACKMAN: When did that reduction take place?

Mr. ILSLEY: On February 15 of this year, on new loans only.

Mr. JACKMAN: Then does the minister agree with me on the question of policy?

Mr. ILSLEY: As to whether we should let them go to the public for money?

Mr. JACKMAN: Yes, the same as the private company does.

Mr. ILSLEY: I do not know; I would have to think that over. It is always a big question whether it is desirable from the government's point of view to have anybody going to the public for money in times like these, when they compete with the victory loan campaigns. I am not in a position to give a considered answer to that inquiry.

Mr. JACKMAN: Could the minister state how much the retirements were? In the first item I see, "additions and betterments (less retirements)", and I understand that those were by way of depreciation of equipment or assets which have been written off, and that an amount of money is available for the purchase of new equipment or the acquisition of new assets.

Mr. ILSLEY: The retirements referred to in that item amounted to $1,034,100.

Mr. KNOWLES: I should like to ask another question, and again I assure the minister I am merely seeking information. Last night, at page 3645 of *Hansard*, he tabled a statement showing the amounts owing to the government by the Canadian National Railways as at April 15, 1944. The total of those amounts was $498,287,322.77. When I was questioning the minister's parliamentary assistant on this matter on April 17 he gave the funded debt in the hands of the public as of December 31, 1943, as $744,232,472.60 and loans from the government as of the same date, totalling $537,323,765.07. The two figures I am asking the minister to compare are the last figure I have just read for December 31, 1943, and the somewhat lesser figure he gave last night. Does that represent a reduction, or are those figures dealing with slightly different matters?

Mr. ILSLEY: The equipment loans are not in the $498,000,000 figure, and were in the $537,000,000 figure. It includes loans from the dominion government for the purchase

of railway equipment. This amounted to $52,247,214 at March 31, 1944. Those were not included in the $498,000,000 figure given last night.

Mr. KNOWLES: So that if that figure is added it will give a figure comparable with the other one?

Mr. ILSLEY: That is correct.

Mr. KNOWLES: And it would show a slight increase?

Mr. ILSLEY: Correct.

Section agreed to.

Sections 3 and 4 agreed to.

On section 5—Power to aid other companies.

Mr. BLACKMORE: What other companies would be included?

Mr. ILSLEY: The Minister of Transport tells me that the Canadian National Railways have ninety-four or ninety-five subsidiary companies. Those are the companies here referred to.

Mr. KNOWLES: There is reference to those other companies at line 15 of section 2.

Mr. ILSLEY: That is right. As the hon. member has said, we find this expression at the point he has indicated:

Any company or railways comprised in the national railway system.

Therefore "companies" in section 5 means companies or railways comprised in the national railway system, as defined in the Canadian National Railways Capital Revision Act, 1937.

Mr. JOHNSTON (Bow River): The companies, and other subsidiary railways of the Canadian National Railways system are different. What other companies are there under the Canadian National Railways? It would not be other railway companies or subsidiaries.

Mr. ILSLEY: "Companies" means companies or railways comprised in the national railway system. That is clear, if one reads section 2. "Companies" as used in section 5 means companies comprised in the national railway system.

Mr. JOHNSTON (Bow River): What type of companies? I do not want the minister to name them, but would he give the type?

Mr. MICHAUD: The list appears at pages 26 and 27 of the annual report of the Canadian National Railways. It includes subsidiary railways, hotels, elevators, docks, and so on.

Mr. JOHNSTON (Bow River): It is not necessary to give the list, so long as I understand what it means.

Section agreed to.

On section 6—Guarantee.

Mr. GRAYDON: I am not sure that this is the proper place at which to ask the question which I have in mind. However, I think it would make very little difference where the question is asked, because it applies to the principle of the bill itself. I believe there is some uncertainty in the public mind, which might be readily answerable but which, on the surface, causes some conflict of opinion. Here we have enabling legislation for the giving of a loan of something more than $10,000,000. If a loan is to be made to the Canadian National Railways, or if provision is to be made to enable the railways to obtain such a loan, why is it that the Canadian National Railways is at the same time taking a large block of victory bonds from the government from which it now seeks the loan. May I make it clear that I do not wish it to be understood that I am opposing the company's procedure of subscribing to the victory loan. From a public point of view, however, there may be some confusion as to why on the one hand the government gives the railway company $10,000,000, and at the same time the company is giving back to the government a large amount in the purchase of victory bonds? It seems to me there must be a clear, complete and concise answer, and possibly this would be a good time for the minister to give it.

Mr. ILSLEY: The investment in victory bonds is an investment to provide for pension funds, insurance and deferred maintenance which will be required shortly after the war. Therefore the railway company must have that investment in something that is liquid.

Section agreed to.

Sections 7 and 8 agreed to.

Bill reported, read the third time and passed.

DOMINION ELECTIONS

MEASURE TO ENABLE WAR SERVICE PERSONNEL TO VOTE IN GENERAL ELECTION

Hon. N. A. McLARTY (Secretary of State) moved the second reading of bill No. 135, to provide regulations enabling Canadian war service electors to exercise their franchise, and Canadian prisoners of war to vote by proxy, at any general election held during the present war, also to provide amendments to the Dominion Elections Act, 1938, which are consequential to such regulations, or have become necessary by the advent of the said war.

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

On section 1—War services electors voting at a general election.

Mr. GRAYDON: I think the minister ought to make a statement at some stage of the bill and perhaps this would be an appropriate time to hear what he has to say.

Mr. McLARTY: Mr. Chairman, when one bears in mind the fact that concurrence in the committee's report was waived and that the bill passed its second reading without debate I think I should accept the invitation of the leader of the opposition and say a few words at this stage. As the committee is aware, this bill is the result of some labour on the part of a special committee. I believe it will be gratifying to the committee to know that the report of the special committee was unanimous. I believe it was unanimous for two reasons. First, we had as chairman the hon. member for Spadina (Mr. Factor), and I think all members of the committee were impressed with his industry and above all the fair-minded attitude with which he approached the problem.

In the second place, I think I can say that every hon. member of the special committee approached his task with only one object in view, to ensure the fullest opportunity being provided to those in the service forces of Canada to exercise their franchise. I know that all those who sat with me on the committee will agree when I say that there was no effort on the part of anyone to secure any petty political advantage, that politics in the narrow sense of that word were not even considered in the result arrived at.

I believe that this report represents as fair and intelligent a solution of this problem as has been presented in any democratic nation. The committee had the benefit of the services of Mr. Harry Butcher, K.C., once an esteemed member of this house and one who I believe is generally regarded, along with the chief electoral officer, as probably knowing more about electoral matters than any other citizen in Canada. The committee went at its work with considerable care.

It had the advantage of the legislation passed in Great Britain. It also had for consideration the legislation passed in the various provinces of Canada where such legislation has been enacted. Consideration was also given to the legislation passed in Australia under which the last federal election in that commonwealth was held and to the legislation of New Zealand and South Africa.

In addition the committee considered the legislation now being discussed in the United States. While that was a matter of interest, its actual benefit on account of different electoral methods was not so great. I recall that some method was placed before the committee dealing with the federal election held in 1864 during the civil war when the votes were actually taken upon the battlefield.

Mr. GRAYDON: You did not neglect the past.

Mr. McLARTY: We were very careful to consider both the past and the present, although perhaps the present was more in our minds. But because of their different electoral system, the practical advantages of the United States legislation was very small.

Perhaps I may now deal with the bill itself. As will be noted, the bill is not an amendment to the elections act of 1938; it is a new bill. It deals with matters of immediate importance in connection with active service voters, and to that extent it will be in force and effect for the duration of the war and six months thereafter. But it deals also with a number of matters which will be operative after that period of time, and for those reasons it was felt it would be better to have a new bill rather than amendments to the elections act, 1938.

The bill has two schedules, A and B. Schedule A deals with those in the armed forces and in the auxiliary services, while schedule B deals with prisoners of war. Schedule A was gone over word for word and approved by the special committee. At the time the committee reported and suggested that the voting of prisoners of war be done by proxy schedule B had not been considered section by section, but it is the result of the committee's recommendations and now appears in the form of fifteen sections in the schedule.

I believe the definition of war service voter will be found to be very broad since it covers not only those in the navy, army and air force but also, subject to conditions which the committee will want to discuss, those in the auxiliary services. It covers those in the mercantile marine and any Canadian on any ship of Canadian or British registry or the registry of any country allied with His Majesty in the present war. The question of age is immaterial as far as an elector serving in the active forces is concerned. Only one qualification is required, namely, that the elector be a British subject. In the case of certain auxiliary services and organizations it is necessary that the electors be stationed outside the boundaries of Canada. In other

words, it was felt that there should be the widest possible definition in order that everyone who is contributing to the defence of Canada and the prosecution of this war shall be ensured the right to exercise either his or her franchise.

It was necessary to provide machinery for the taking of the direct vote, in the one case, and the proxy vote, in the other. There is one quite material change being made in the elections act. Instead of seven days elapsing to permit papers as well as the names of candidates to be forwarded to the special returning officers, there will be a period of twenty-eight days allowed. In other words, there will be twenty-eight days between the official nominations and polling day.

The bill provides for the appointment of special returning officers in each major district, there being five in Canada. It makes provisions also for special returning officers in Newfoundland and Great Britain. Power is given to the chief electoral officer to recommend to the government, and to the government to appoint special returning officers in such other theatres of war as may be thought necessary. This machinery can be more fully dealt with when we come to the particular sections.

I am told by the chief electoral officer that notwithstanding the fact that the votes will have to be counted and taken in widely separated portions of the world, the time that will elapse from the issue of the writs of election until election day will not be more than sixty days. In addition to that, whereas in the last war it required at least two months to get results from the ballots overseas and three months before a definite declaration as to the successful candidate could be made, under the procedure adopted by the committee it will be possible for these results to be secured within eight days.

There may be other points that I might have dealt with, but I believe I have indicated the general features of the bill that is now before the committee. It is not claimed that this bill is fool-proof. It will require a certain measure of cooperation and a large measure of intelligent work in its operation. What is claimed, however, both in the breadth of its definition of those who can vote as war service electors and in the plan for giving votes to prisoners of war is that it is probably the broadest measure adopted by any country in the British commonwealth of nations.

It is also claimed that the special committee set about its task for the sole purpose of securing that no one would be deprived of his or her vote if it was humanly possible to enable him to register it and that each would preserve the right of franchise in determining who would form the government of Canada for the duration of the war and, we trust, for the years that follow after it.

Mr. MacNICOL: In order to conduct an election within sixty days after dissolution, is it not the government's intention to ask for the right, if they have not the right at present, to arrange for the naming of special returning officers at once so that everything will be in readiness to carry out the election within the short space of sixty days after dissolution?

Mr. McLARTY: Yes; the hon. member for Davenport is quite correct. As soon as the bill passes the house and becomes law there is no reason why the ballot papers and the various forms provided for by this measure should not be printed and delivered, and there is no reason either why the special returning officers should not be appointed immediately. But that, of course, will have to await the passing of the bill. It is not the intention to wait until the writ of election has been issued before these steps are taken by the chief electoral officer.

Mr. GRAYDON: May I ask the minister if the urgent speed which he indicates in the appointment of returning officers and the printing of the ballot papers presages an early appeal to the people?

Mr. McLARTY: I do not know myself any more than the hon. member when that appeal will come, but I can assure him that nothing that I have said and nothing contained in this bill in any way presages an early election or a late election. This is simply ensuring that adequate provision will be made as and when an election comes.

Mr. GRAYDON: Nothing in the bill would retard an appeal either.

Mr. McLARTY: We hope not.

Mr. KNOWLES: Mr. Chairman, our group was represented by the hon. member for Cape Breton South on the special committee to which the Secretary of State referred. My colleague whom I have mentioned may be here before I conclude my brief remarks, in which event I shall resume my seat and let him speak, because it was our desire that he would say a few words on our behalf at this time.

Some hon. MEMBERS: Here he comes now.

Mr. KNOWLES: Mr. Chairman, I should like to retire in favour of my colleague.

Mr. GILLIS: Mr. Chairman, what remarks I am going to make will be directed not to the

bill but rather to what is not in this bill. I was a member of the special committee and I am in accord with the regulations as drafted and embodied in the bill. The committee itself was a very agreeable one, very efficient and cooperative. The one desire uppermost in the minds of the whole committee was to bring forward the best regulations possible, keeping in mind the needs, desires and hopes of the armed services in casting their ballots.

There was one matter, however, which I think the committee should have included in its deliberations, though perhaps not in the regulations as drafted. I think the committee should have presented a recommendation to the house with respect to acquainting those in the armed services with the issues upon which they would be called upon to ballot. With the war situation as it is now in Europe, with things pretty much uprooted and a very confused picture over there, this is not just the kind of setting that I would choose to discuss this matter. It may be some considerable time before conditions are such on the European continent that we can say definitely that we are going to place a ballot in the hands of those for whom these regulations were designed to give them an opportunity to vote. But the regulations are here. I think one of the most important things is that those in the services who are to cast their ballots should have some knowledge of the issues on which they are to vote. Most of those who are in the armed services overseas have been out of Canada for the past two or three years and there have been some considerable changes in political thinking in this country during that time. New parties have sprung up and the programmes of probably all parties in this house, with the exception of our own, have changed considerably.

Mr. ROSS (Souris): How many times a day does your's change?

Mr. MacNICOL: Have you a programme?

Mr. GILLIS: You see, Mr. Chairman, most of these men recognize that statement is correct and they are merely laughing at themselves.

Mr. FRASER (Peterborough West): We are laughing because you have a different policy in every province.

Mr. GILLIS: We have not changed our name in the last ten years. We drafted a manifesto in 1932—

Mr. SINCLAIR: And you are stuck with it.

Mr. GILLIS: —and it is still the policy of the C. C. F.

Mr. GRAYDON: Why don't you progress a little?

Mr. GILLIS: And it is the basic policy of the people of Canada from coast to coast. They have accepted it.

Mr. SINCLAIR: What is it worth?

Mr. GILLIS: Well, thirty-four members in Ontario was not a bad demonstration that the people there understand it.

Mr. GRAYDON: That was before Harold Winch, though.

Mr. GILLIS: And driving the two old machines in British Columbia to come together, and establishing an opposition there, is not a bad job either. It is a demonstration of the intelligence of the people. It shows that they are progressing all across the country. We have not had to repaint the old buggy at all and give it a new name.

Mr. GRAYDON: You are whistling going through the cemetery.

Mr. GILLIS: I am not delving into the realm of prophecy, but you will get another demonstration on the 15th of this month.

Mr. GRAYDON: We had one in Haldimand-Norfolk.

Mr. MacNICOL: And one in Toronto last New Year's.

Mr. GILLIS: We started the debate on the regulations as applied to the armed forces when my hon. friends over here, political contortionists I would call them—

Mr. KNOWLES: Is that what "P.C." means?

Mr. GILLIS: —began this sideline.

The thing I was concerned about in the regulations, as I started to say, was to give those in the service who were to ballot some idea as to what they were to ballot on. The regulations themselves are clear and specific in so far as the candidate is concerned, his occupation and so forth. I did think, however, the committee might have recommended to the house something similar to what was done in New Zealand. I proposed that to the committee, but they did not see eye-to-eye with me on it. The drafting of a manifesto giving each party who may have candidates in the election an opportunity of briefly setting out the basic principles for which they stand is something desirable; and failing that, if the committee were not prepared to recommend it I thought, and some of the members of the committee agreed, that there was a possibility of utilizing the Canadian Press service. There is now established by the Canadian Press a

news service in the form, I believe, of an eight-page paper which is widely circulated throughout the different services both in England and in the Mediterranean, and I presume that when lines are established it will be on the European continent; that is, if we do not go through there very fast, as I hope we shall. I thought there might be a possibility of taking the last four or five weeks prior to the election and, by some arrangement with the Canadian Press, each party who may have candidates in the field could be privileged to use a column or so for the purpose of setting out what they stand for in this election and developing the issues as they saw fit. In that way there would be no cost; there would be no responsibility on the part of the government. The Canadian Press would disseminate each party programme, and the parties themselves could be responsible for any expenditure necessary or any charge that the Canadian Press might make for that service.

I thought in connection with the regulations I would raise that matter in the house in order to determine whether hon. members were desirous of going to that extent at least in informing those in the service as to what they were balloting on. I believe that those in the armed services to-day are fighting for something; every man there is fighting for social objectives in addition to defeating those who would lay down a totalitarian system throughout the world. We in Canada are framing legislation to which they are to come back. The kind of Canada we build here, through the medium of this House of Commons and our provincial legislatures, is the framework into which these boys will fit when they come back. It is not going far enough simply to lay down regulations, and as far as possible put the ballot into the hands of the service personnel, unless at the same time we are prepared to give information, in so far as it is possible for us to do so, as to what each candidate they will ballot on stands for.

There are half a dozen parties in the country each with a programme and philosophy of its own, and it is a prerequisite to the ballot that the members of the forces should have some understanding of what each of these political organizations stands for.

To the regulations themselves as they are contained in the bill I have no objection. I think they are about as well drafted and as fair as they possibly could be.

Mr. FAIR: As another member of the committee dealing with these regulations, I can only say, as some others have said, that the idea of giving every possible opportunity to the men and women in the services to cast their vote is a good one. I am quite satisfied that we have done just as good a job as it was possible to do and the Secretary of State told us yesterday that the bill is based entirely on the recommendations of the committee. I have not had time so far to read the bill through, but taking the minister's word for it I feel that, as far as I can see, it is all right.

With regard to the point raised by the hon. member for Cape Breton South, I am not quite satisfied as to the benefits to be derived from his suggestion. First of all, I am not sure that the programmes of the different parties will be set out as they are, because, with the rapidly changing programmes of some parties, it would be impossible to give accurate information, and with the limited finances of some parties some of us could not take advantage of the advertising programme that would be necessary.

As regards holding up the bill, I do not think it is the intention of any member to delay it for any length of time, because I understand that the Prime Minister has D-day fixed for some time in October, and I am sure we do not want to knock him out in any plans he has made along that line. An hon. friend back here says it may be earlier than that; I do not know; as far as we are concerned, we are ready when the Prime Minister throws his hat into the ring.

Mr. HLYNKA: May I ask the minister if there is any member in the house who has read the bill from cover to cover.

Mr. McLARTY: I presume that is just a hypothetical question, because I have not made any examination of the members to determine that.

Mr. FAIR: There does not happen to be a cover on this bill.

Mr. NEILL: Do I understand that if we pass this clause we automatically pass schedule A? When you pass clause 7, does that mean that we have no debate with reference to schedule A?

Mr. McLARTY: That is purely for the committee to determine.

The CHAIRMAN: I called clause 1 and I shall call all the other clauses. There is a schedule A and also a schedule B.

Mr. NEILL: Shall we have an opportunity of discussing schedule A?

Mr. McLARTY: Ordinarily, where there is a schedule to a bill, we do consider it clause by clause. That is the ordinary practice—

Mr. NEILL: With the schedule?

Mr. McLARTY: —in committee, and I presume the Chairman will follow the same procedure in connection with this.

Mr. NEILL: I want to know exactly where we stand, because this bill consists of a page and a half while the schedule consists of some eighteen pages, and I do not want to be deprived of an opportunity of discussing the changes, if any, in the schedule when the bill itself consists only of half a dozen sections. We shall be allowed to discuss the schedule?

Mr. McLARTY: Yes.

Mr. NEILL: All right.

The CHAIRMAN: The rule is explicit on that point.

Section agreed to.

Sections 2 to 12 agreed to.

On schedule A.

The CHAIRMAN: We now come to schedule A. Is it the wish of the committee that the chair call every one of the sections of the schedule?

Mr. NEILL: Yes.

Mr. GRAYDON: Yes, because the bill is of little consequence. It is the regulations that are the meat of the whole legislation.

On section 2—Application.

Mr. MacNICOL: The sections are very short; I think the chairman should read them.

Mr. McLARTY: There are sixty-four of them. I think the chairman should read only ones which are specifically required.

Mr. MacNICOL: If the chairman will delay calling "carried" for a moment it will enable each member to read the section. That will be satisfactory to me. I know what they are; perhaps others do not.

The CHAIRMAN: Shall section 2 carry?

Mr. NEILL: Let us get some information about this. What about a by-election?

Mr. McLARTY: Because of the nature of a by-election these regulations could have no application to it. In the case of one particular by-election it would be impossible to put all this machinery, such as the appointment of special returning officers all over the world and the segregating of electors to a particular riding, into effect. It would be so impractical as to be impossible; consequently in a by-election this would not apply. I might say that it specifically states it is referable only to a general election.

Mr. GRAYDON: I take it there will be no by-election before a general election in any event.

Mr. McLARTY: I could not give my hon. friend any undertaking like that.

Mr. CRERAR: Do not assume too much.

Section agreed to.

On section 3—General direction—special powers.

Mr. NEILL: Give us an opportunity to read it.

The CHAIRMAN: It would be quite satisfactory to me to read it, but it would be quite an ordeal on the committee.

Section agreed to.

On section 4—Definitions.

Mr. MacNICOL: Just there may I say something about the inner envelope. The minister has likely received quite a number of protests from members of the legion as to the inner and outer envelope method. I have had quite a number of protests. Personally I cannot understand what the objection is. I have written to quite a few. I have not been able to understand the real objection to the outer envelope, and the inner envelope being put in the outer envelope. Has the minister any reason to doubt that this will not be, as we all hope it will be, fair and above board?

Mr. McLARTY: It would be hardly fair to say that I have had protests about the procedure with respect to the inner and outer envelope; I have not. I have had suggestions that the ballot be made a secret one, but no suggestions that the procedure contained in the bill is not the most secret and practical one that has so far been evolved. The same procedure was in operation in the regulations of 1940 and as far as I am aware there were no objections raised to them at that time. Nor have I heard any objection to these except the expression of the hope, which we all share, that the ballot will be made a secret one.

Mr. GRAYDON: The minister seems to have some little doubt and hesitation in his own mind as to the secrecy of the ballot.

Mr. McLARTY: I have none.

Mr. GRAYDON: Is it definitely understood and are there sufficient guarantees and assurances that no one will be able to know how a serviceman casts his ballot?

Mr. McLARTY: There may be the possibility of one exception where a serviceman is unable to write. Then someone may be in a position to know, but otherwise I am assured by the chief electoral officer that the secrecy of the ballot is maintained to the utmost extent possible.

Mr. GRAYDON: In other words, it is foolproof as far as secrecy goes?

Mr. McLARTY: In so far as it can be made so.

Mr. FAIR: I am quite satisfied that the system of voting is now just as good as we can make it, and it is perfectly secret. I believe if the Secretary of State would give the committee an explanation of the procedure it would probably do away with a lot of trouble a little later on. Could he tell us what actually happens in the polling booth and deal with both the inner and the outer envelopes? If he did that I believe it would be a help in getting rid of a lot of trouble that may come up later.

Mr. McLARTY: I shall be able to do that, but unfortunately the memorandum I have—I would not want to trust my memory to do it—is perhaps a little longer than should be required, but if it is the wish of the committee, I shall read it. It is as follows:

There appears to be some misapprehension with regard to the secrecy of the ballot paper prescribed by the proposed regulations for use by war service electors at the next general election.

The procedure prescribed by the said regulations is similar to that followed for the taking of the votes of members of the active service forces of Canada at the 1940 general election and at the 1942 dominion plebiscite. On each of these occasions, not a single complaint was received that the manner in which ballot papers were marked by any active service electors was ascertained by voting officials or other persons. It may even be stated that it was generally considered that the prevailing special voting procedure afforded a higher degree of secrecy than the procedure prescribed for taking the vote of civilian electors.

I might explain that this is a memorandum of the chief electoral officer, and was not dictated by myself. It continues:

The proposed regulations prescribe that each war service elector before being allowed to vote will be required to make, before the commissioned officer designated to take such vote, a declaration on the back of the outer envelope in which his ballot paper will be transmitted by mail to the appropriate special returning officer. In such declaration the war service elector will state his name, rank and regimental number, together with the name of the place where he ordinarily resided prior to his enlistment, and other necessary particulars.

When the above declaration has been completed and signed by both the war service elector and the commissioned officer concerned, a ballot paper will be handed to the elector who will be allowed to mark it in private. The ballot paper will then be folded and placed in an inner envelope and after this envelope has been sealed by the elector, it will be handed to the commissioned officer who, in full view of the elector, will place the inner envelope in the completed outer envelope above referred to. When the outer envelope has been sealed by the commissioned officer, it will be handed to the elector who will himself dispatch it by mail to the special returning officer whose full name and address are printed on the face of such outer envelope.

When the outer envelopes reach their destination, they will be received by the special returning officer and his staff, mainly composed of six scrutineers nominated by the leaders of the various political parties.

Each outer envelope will then be sorted to its proper electoral district, according to the place of ordinary residence given by the elector in his declaration, by a pair of scrutineers consisting of persons representing different and opposed political interests, and no such envelope will be opened until the time has come to count all the ballot papers sorted to such electoral district. When the correct electoral district of a war service elector has been ascertained, the scrutineers will write the name of such electoral district on the back of the outer envelope and affix their initials thereto before sorting the outer envelope to its electoral district.

Voting by war service electors will take place on the twelve week days immediately preceding polling day and it is expected that outer envelopes containing the ballot papers cast by war service electors will be received by every special returning officer during a period of between twelve and fourteen days. At the end of each of such days all the outer envelopes sorted to a given electoral district will be placed, unopened, in a large envelope which will be specially sealed. At least two scrutineers will be required to affix their signatures to such seals.

These specially sealed large envelopes will remain in safe custody, unopened, until the ballot papers enclosed in them are counted, and the scrutineers are authorized by the regulations to inspect any or all such envelopes when they so desire.

The counting of the votes of war service electors will not begin until six o'clock p.m. on polling day. Then each pair of scrutineers will count the ballot papers, but for only one electoral district at a time. All the specially sealed large envelopes belonging to such electoral district will be opened and the outer envelopes contained therein will be placed on a table. After having ascertained that each of such outer envelopes belongs to the electoral district for which the ballot papers are being counted, the scrutineers will open each of such outer envelopes and place the unopened inner envelopes contained therein in a locked ballot box.

When all the inner envelopes sorted to a given electoral district have thus been placed in the ballot box, the ballot papers contained in the inner envelopes lose their identity, as these inner envelopes are absolutely plain.

When all the inner envelopes sorted to a given electoral district have been placed in the ballot box, the box will be unlocked by the special returning officer, and its contents will be placed upon a table. The scrutineers will then proceed to open such inner envelopes and count the ballot papers cast for each candidate officially nominated in such electoral district.

It will be observed that outer and inner envelopes containing ballot papers cast by war service electors are kept very carefully sealed up until the counting of the votes commences in the electoral district for which such envelopes have been sorted.

It will be observed also that every operation in the office of the special returning officer relating to the sorting and counting of the votes

cast by war service electors will be performed exclusively by scrutineers representing different political interests under the supervision of the special returning officer. A procedure of this kind should provide a maximum of secrecy to the ballot papers cast by war service electors.

Mr. NEILL: May I ask what the minister is reading from?

Mr. McLARTY: I am reading from a memorandum prepared by the chief electoral officer; I thought I made that clear.

Mr. NEILL: Is it part of the schedule?

Mr. McLARTY: No. I may say to the hon. member for Comox-Alberni that I was requested to explain the procedure in connection with the actual marking and transmission of the ballots, in order to preserve their secrecy, and what I have read is a memorandum prepared by the chief electoral officer in connection with that procedure.

Mr. NEILL: Then it is not binding upon this house?

Mr. McLARTY: I did not suggest that it would be.

Mr. NEILL: Do you not think all that should have been in the schedule itself, with which we are dealing, because it is to the schedule we look to see what shall be done.

Mr. McLARTY: These instructions will be given to the officers but will not appear in the regulations, which do not deal in such detail with the matter of actually handling the ballots.

Mr. NEILL: I do not want to delay the minister at all; I want to get on, but I cannot understand the situation. When the soldiers come to cast their ballots will they be governed by what is in the bill before us or by what the minister has just read, which apparently is the opinion of the chief electoral officer? I want it to be in here, so that we may know for what we are voting. I am not concerned with or interested in what the chief electoral officer says; I want to know what is to be in this bill. Here we have something like thirty-five pages of this schedule, which is detailed and technical. Has this bill or this schedule ever been referred to a committee of the house, or are we dealing with it for the first time? If so, I say it is utterly impossible for us to do justice to it, because we cannot intelligently discuss the technical and involved phraseology of the schedule without some study. It should have been sent to a committee, before which the chief electoral officer should have appeared to give his opinions.

Mr. STIRLING: It was considered by a committee, every bit of it.

[Mr. McLarty.]

Mr. NEILL: What committee was it sent to?

Mr. McLARTY: Does the hon. gentleman wish to ask any other questions?

Mr. NEILL: I should like those two points settled.

Mr. McLARTY: As to the first question, about placing the instructions from the chief electoral officer to the returning officers in the regulations, as my hon. friend knows, in the election act of 1938 no part of the instructions from the chief electoral officer to the returning officers is contained in the regulations. In other words, there is an instructional power given to the chief electoral officer, which he may exercise, and there is nothing in these instructions which conflicts in any way with the provisions of the regulations. This is merely the appropriate machinery by which those regulations can be best carried out.

As to the second point, I imagine that the hon. member was not in the chamber when I made my introductory remarks. Schedule A was discussed clause by clause by a special committee, and with the exception of perhaps three or four typographical errors it is in the form approved by that committee, which was appointed on February 1 of this year. That committee held a large number of meetings—

Mr. MacNICOL: And called witnesses.

Mr. McLARTY: It called witnesses and went over this schedule word by word and clause by clause, discussing it fully. I believe five of the meetings were reported, but I do not think there is a report of the meetings at which these regulations were considered. That does not apply to schedule B. The recommendation of the committee, dealing with that portion we have included in schedule B, was as follows:

Your committee further recommends that every person who, while on active service with the naval, military or air forces of Canada, became a prisoner of war and is officially recorded as such at headquarters, shall be entitled to vote by proxy, on a special certificate issued by the chief electoral officer. Such certificate shall be issued not earlier than two weeks before polling day to the person officially recorded at headquarters as the next of kin of such prisoner of war, provided such next of kin is qualified to vote as a civilian elector.

The fifteen clauses contained in schedule B were not considered word for word by the committee, but I believe they will be found to be a fair interpretation of the recommendation of the committee to enable the next of kin of prisoners of war provided they are

qualified electors, to vote by proxy in the particular riding in which the next of kin is a qualified elector at the time of the election.

Mr. NEILL: Was the report of the committee adopted by this house?

Mr. McLARTY: No.

Mr. NEILL: Was it referred to this house?

Mr. McLARTY: It was tabled but no motion was made for concurrence in that report.

Mr. NEILL: Was the committee unanimous?

Mr. McLARTY: The committee was unanimous.

Mr. JOHNSTON (Bow River): The minister has outlined how the balloting will take place. The elector will mark his ballot and place it in the inner envelope, which he will seal and then give to the officer commanding, who will put it in a large envelope in the presence of the elector. That large outer envelope will be sealed and given back to the elector, who will mail it. Now comes the point about which I want to ask. How is that envelope mailed? Is it sent by the elector in an open mail bag, or is it put into a ballot box like those we use in the general elections here, on which there are locks?

Mr. McLARTY: I must say that I cannot answer that question; I do not know. I presume the procedure may be different in various areas. You see, there will be the special returning officers. Then a commanding officer is appointed who will look after the local polls. I presume the procedure may not be absolutely uniform as between those serving with the air force in Burma, let us say, and those fighting in Italy. I presume in each case they will do the best they can, and I know the chief electoral officer will send the same supplies in each case. Whether or not there will be a lock on the mail bag, or whether it will be a special pouch, I regret that I cannot advise the hon. gentleman.

Mr. JOHNSTON (Bow River): That is an important point, because it may be possible—I am not suggesting that it will be—that there will be interference—

Mr. BLACK (Yukon): Look at form 10 on page 37; the information is contained there.

Mr. JOHNSTON (Bow River): I am not suggesting that it will be, but I say it may be possible that there could be interference from the time the ballot is dropped into the mail bag, if it happens to be an open mail bag. A good deal of misrepresentation may occur because of that. Some uniform regulation or practice should be adopted. It may be a mail bag which is locked, with some sort of opening which would just permit the envelope to go in. I feel, however, that some way should be devised whereby there could be no interference whatsoever with the ballot, once the elector drops it into the mail bag. I am sure there will be some objection or some complaints made after the election, especially if it is just an open box into which the ballot can be dropped by the elector. After he has gone there might be some interference, or it might be possible for someone to interfere.

Mr. McLARTY: I do not think I can usefully add anything to what was suggested by the hon. member for Yukon (Mr. Black). I would ask the hon. member who has just spoken to refer to form 10 on page 37, where it states that after placing the inner envelope in the outer envelope—

> The war service elector shall then mail the completed outer envelope in the nearest post office or mail box.

I doubt if it would be of advantage to insist upon the Post Office Department providing certain equipment for the transmission of mail from the various points. I think we would have to rely upon the honesty of the postal officials to see that the mail is duly transmitted. I doubt if we can expect to go any farther, bearing in mind that it is not the easiest task in the world to take votes in an actual theatre of war.

Mr. HAZEN: Section 35 of schedule A deals with the matter and sets it out clearly.

Mr. MacNICOL: I think it is only fair to give a report of what certain members of the legion feel about the outer envelope. I, myself, am in favour of it. I think it is a safeguard and a protection. Certain members of the legion seem to think the outer envelope would permit the ascertaining of how a soldier might cast his vote. The outer envelope has his name and rank, and all particulars on it. Men who have written to me seem to think that would enable one to find out how a soldier voted. If the authorities take time to examine the envelopes, the outer envelope containing the inner envelope, I should imagine it would take a year to do so. I do not think anyone would do that. The argument used is that all that should be required of the soldier is that he come forward with his pay book. Hon. members on this side of the house who are in the armed forces will be familiar with the pay book. Each soldier carries a pay book, and it is said that presentation of same should be sufficient to obtain his ballot.

Mr. SINCLAIR: Airmen in Canada do not have a pay book.

Mr. MacNICOL: I refer the committee to form 8 on page 35 that pertains to the outer envelope. The hon. member for Vancouver North, lately back from the front, served on the committee, and it paid a good deal of attention to what he said. He was in accord with these regulations. I listened to him carefully, and after his presentation I thought that what the committee adopted, namely, the programme of having an outer and inner envelope, was the best one.

May I say further that I have implicit confidence in the chief electoral officer. He has held that post for some years, and on any occasion I have made inquiries from him I have found him 100 per cent above-board. I am prepared to accept what he has presented. I believe it is the best elections act of any country in the world to-day, and I am convinced the chief electoral officer deserves more credit for it than does anybody else. He was always open to reason or to argument, and did not try at any time to influence the committee. The committee asked him on various occasions to explain details, and at all times, in my judgment, his explanations were satisfactory. I cannot see the objection to the inner and the outer envelope. Once the inner envelope is taken out of the outer envelope and placed in the ballot box, there is no possible way of telling whose ballot it might be. The outer envelope is certainly a check to control the voting, and a check against spurious voting, and against any stuffing of ballot boxes, or anything like that. No one has convinced me thus far that the procedure of using outer and inner envelopes is not a satisfactory one.

Mr. GILLIS: As I pointed out a moment ago, I think everything that could be thought of for the protection of the service personnel is contained in these regulations. An hon. member expressed doubt as to whether any member had read the bill. I say to him that every member of the committee read the bill at least four times, because the regulations were drafted and re-drafted on at least four occasions.

I do not think there is an argument or an objection which could be raised which is not covered in the regulations, if we read them through carefully.

Then, with respect to suspicion in some quarters, or the apprehension that the ballot may not be a secret one, may I say that I had two letters asking me—

Mr. MacNICOL: And the hon. member is a returned soldier, himself.

[Mr. MacNicol.]

Mr. GILLIS: Yes, that is right—and a very suspicious one. I received two letters inquiring as to whether I thought the ballot as prescribed by the regulations would be a secret ballot. Someone was leading the people in my section of the country to believe that the ballot would not be secret. I wrote back giving an explanation, and I recieved no further objections. They said, "If you are satisfied with it, it must be all right."

Mr. MacNICOL: I will admit that the hon. member was a real watch-dog.

Mr. GILLIS: The memorandum read by the minister and prepared by the chief electoral officer sets out the procedure in detail. It is rather lengthy, however, and could be misunderstood. That is, anyone who might read it, and who might not understand the background of the committee's deliberations, might not understand it.

May I say, as a member of the special committee that the members belonging to this group after checking this over—and I discussed it with them as we went along—are perfectly satisfied with the regulations. In so far as the secrecy of the ballot is concerned, I am convinced there is no way of interfering with that ballot. The regimental number, the name of the voter and the constituency to which the ballot is directed will be written on the outside of the envelope and this leads some people to believe that when the envelope is opened the ballot can be checked. That is not true. When the outer envelope is opened there will be a small envelope inside without any marking on it containing the ballot. That smaller envelope will be placed in a locked ballot box and it may be a week before the ballots are reshuffled and checked. When the ballot comes out of the ballot box there will be scrutineers representing each political party present and there will be nothing on the small envelope to indicate who has marked the ballot. There is no way in which it can be checked. I wanted to say this because I think it is the duty of the members of the committee to give the public and those in the services an assurance that this will be an absolutely secret ballot.

Section agreed to.

Section 5 agreed to.

On section 6—Special returning officers and their staffs.

Mr. BLACK (Yukon): I object to the wording of paragraph (d) of this section which groups together the provinces of Manitoba, Saskatchewan, Alberta and the Yukon Territory. As the section is worded these constitute

a voting territory with the headquarters of the special returning officer at Edmonton. It is not proper to group the Yukon with the three prairie provinces. They are across the mountains away from us. If the Yukon is to be grouped with any province, British Columbia is the natural one. Therefore, I move:

That the words "and the Yukon Territory" in subsection (d) of section 6 be struck out and the words "and the Yukon Territory" be inserted between the word "Columbia" and the word "shall" in subsection (e) of section 6.

If that amendment carries, paragraph (d) will read:

The provinces of Manitoba, Saskatchewan and Alberta shall constitute a voting territory, with the headquarters of the special returning officer located at Edmonton.

Paragraph (e) will then read:

The province of British Columbia and the Yukon Territory shall constitute a voting territory with the headquarters of the special returning officer located at Vancouver.

That is the natural place at which to have the headquarters of the returning officer for British Columbia and the Yukon Territory.

Mr. SINCLAIR: May I answer that? Of course, as a British Columbia member it was quite a blow to me to see the Yukon divorced for the first time from British Columbia and attached to the prairie provinces. However, as far as the men in the armed services are concerned—these are mainly air force men—they do not go to the Yukon through Vancouver, they go through Edmonton over what is called the northwest staging route. This route provides the quickest mode of transportation into the Yukon. Both airmen and men in the army go through Edmonton for the new northwest air command. This is the reason why for the first time in Canadian history British Columbia and the Yukon have been divorced. Despite the fact that I am as British Columbian as any British Columbia member here, I agree to this grouping of the prairie provinces and the Yukon with headquarters at Edmonton.

Mr. BLACK (Yukon): So far as speed in transportation and communication goes as between the outlying districts in the Yukon and Edmonton and Vancouver, there is a daily plane service between Whitehorse and Vancouver, both ways, except on Sundays. The same applies as between Edmonton and Whitehorse. Therefore Vancouver is no more remote from the Yukon than is Edmonton. If the hon. member for Vancouver North has aeroplane service in mind in his reference to the northwest staging route, Vancouver is as close to us as Edmonton. If he is referring to motor service on the Alaska highway, I hope we shall never have to depend on that for communication.

Mr. McLARTY: I think the hon. member for Vancouver North has answered this question much better than I could, but I should like to say a couple of words. I think it will be fair to say that the hon. member for Yukon is more definitely affected by the particular territory to which the Yukon is attached in these regulations than any other member. I am not going to repeat what the hon. member for Vancouver North has said, but I understand that this was the provision contained in the regulations of 1940 and also of 1942. If we change them as the hon. member suggests we shall be going back a considerable number of years because Edmonton was the headquarters for the election, in the one case, and for the plebiscite in the other.

I am advised that the facilities for getting material into the Yukon are more convenient when the headquarters are at Edmonton rather than at Vancouver. I have no prejudice one way or the other; it is just a matter of facilitating the collection of votes.

Mr. BLACK (Yukon): The most natural communication for the Yukon is with Vancouver rather than with Edmonton. Until the Alaska highway went through, Edmonton was as far away from the Yukon as Montreal or Toronto. We had no communication with the country on the other side of the Rocky mountains because the natural course of trade and communication was down the Pacific coast to Vancouver. I hope the committee will see its way clear to group the Yukon Territory with British Columbia.

Amendment negatived.

Section agreed to.

Sections 7 to 14 inclusive agreed to.

On section 15—Promulgation in orders.

Mr. MacNICOL: Did I understand the minister to say a few moments ago that there were a few errors that had to be corrected?

Mr. McLARTY: No; the question was asked whether this was identical with that passed by the committee, and I said that apart from any typographical errors I thought it was an exact reproduction.

Mr. NEILL: Under which section of this schedule is provision made for advising the soldiers of the names of the candidates?

Mr. McLARTY: Under section 22.

Section agreed to.

Sections 16 to 21, inclusive, agreed to.

On section 22—List of names and surnames, et cetera, of candidates.

Mr. MacNICOL: This is the section that the hon. member for Comox-Alberni inquired about. Perhaps it would be well to read it, Mr. Chairman.

Mr. NEILL: I was only asking for information because I could not find the section. I see that what I had in mind is provided for.

Mr. FRASER (Peterborough West): This section says in line 42:

> Upon such list shall be inserted after the names and surname of each candidate the designating letters currently used to indicate his political affiliations.

Some of the men overseas might not just know what those letters stand for.

Mr. KNOWLES: They know what C.C.F. means.

Mr. FRASER (Peterborough West): Yes, Constant Cackling Flip-Floppers.

Mr. WEIR: They might not know what Prog. Con. meant.

Mr. GRAYDON: I could understand the hon. member for Macdonald being confused over that. Of all men he is the one who would ask that question because at one time he was a Progressive himself.

Mr. McLARTY: There will be a key giving the names of the parties or groups in full. While only the initials will appear on the ballot paper, if anyone is in doubt he can consult the key.

Mr. FRASER (Peterborough West): I do not want P.C. after my name because I am not a privy councillor. The name of the party should be written out in full.

Section agreed to.

Sections 23 and 24 agreed to.

On section 25—Before whom votes to be cast.

Mr. GRAYDON: I am not sure that this is the section on which I desire information, but I fancy it is. There is one little loophole which I think we should close. As I understand the regulations, a service man who is on leave and away from his unit, in order to cast his ballot must go to his unit or to some special station where service men are allowed to vote. I am thinking of the man who is on leave in some far distant part of Canada. He may be home on furlough from overseas. Under these regulations, in order to reach the polling booth he might have to travel a great distance. There is a difficulty there which might easily be cured by a slight change in the regulations. I recognize at once the difficulties which might ensue from the opening up of the civilian polling booths to all men in the armed services who happen to live in that district and who are there on a short leave, but surely there must be some way by which a service man on leave in some far distant part of Canada will not have to travel a great distance to cast his vote, while civilians in the district might have to go only a mile or so to reach a polling booth. Has that situation been considered? Perhaps the difficulty is not as great as I now see it, but as I read the regulations that does seem to me to be a difficulty.

Mr. McLARTY: Would the hon. leader of the opposition refer to section 35 of the regulations? He will see that there the committee has gone about as far as it is humanly possible to go. In the first place, if the man is on leave and at home he can vote as an ordinary civilian voter.

Mr. WEIR: Whether on the list or not?

Mr. GRAYDON: No; I do not think he can. That is the difficulty.

Mr. McLARTY: I beg pardon. That can only be done in the rural polls. He would have to be over twenty-one to vote as a civilian.

Mr. GRAYDON: Then that would cut out the men between the ages of eighteen and twenty-one.

Mr. McLARTY: Subsection 2 of section 35 provides:

> A war service elector who is absent from his unit, on leave or on furlough, during the voting period prescribed by paragraph 15 (2) of these regulations, and who has not already voted at the pending general election, may, on production of documentary proof that he is on leave or furlough, cast his vote elsewhere before any commissioned officer of the same force, designated to take the votes of war service electors, when such commissioned officer is actually engaged in the taking of such votes.

Mr. GRAYDON: That is exactly the situation I want cleared up. Suppose a man who is nineteen years of age is on leave in a far distant part of Canada. He cannot be sworn in as an ordinary civilian voter because he is not twenty-one. He has no way of voting at the civilian poll because he is under twenty-one and cannot take the oath, so that he must cast his vote elsewhere before a commissioned officer of the same force designated to take the votes of war service electors. That place might be a hundred miles away. That is the difficulty, and this does not cure it.

Mr. ROSS (Souris): A great many chaps in the air force are under twenty-one, and unless some special provision is made whereby they

can make a declaration, a great number of them will be disfranchised. I think we should provide for them.

Mr. McLARTY: I wonder if I might answer one question at a time. With regard to the question raised by the hon. member for Souris, would those persons who are in the air force and are on leave be in municipalities where there is a closed list or an open list?

Mr. ROSS (Souris): They would be in both, but I am thinking particularly of the open list.

Mr. McLARTY: Under twenty-one?

Mr. ROSS (Souris): Both.

Mr. McLARTY: All I can suggest is this. The committee thought that in framing this bill they would draw it as broad as it could possibly be made. If the leader of the opposition has some practical suggestion that would overcome the difficulty, I know this committee would have no hesitation in adopting it. But I would ask him to bear this in mind. There have to be some definite limitations somewhere. We wish to make it as convenient as possible for every war service elector to vote, but on the other hand, as I say, there must be come practical limitation. You cannot make a regulation to suit every possible condition that might arise. The committee felt it was going as far as it possibly could be expected to go in making that arrangement. You could not phrase any clause which would cover every possible contingency that might arise. For instance, a man might be on leave in Muskoka and be a resident of Windsor. He might have many miles to go. Unfortunately, you could not provide that a man could go and cast his vote before a postmaster, because there has to be some check. While a situation might arise such as the leader of the opposition envisages, I do not believe that it would often arise. The cases would be widely exceptional, and I would be apprehensive if you made a special rule to cover those exceptional cases, because the difficulty that would ensue might be much greater than the difficulty that you are trying to overcome.

Mr. ROSS (Souris): Now that you have made provision for an open list in certain sections, could you not provide for a declaration in cases of persons under twenty-one years of age in the service? It is the wording of the declaration that must be taken care of; that is the only thing you have to alter. Any persons who are not on the voters' list and who are entitled to vote could make a declaration that they were British subjects, resident so long in the constituency. All you have to do is to provide a declaration that a member of the services should so affirm rather than a declaration that he is of the full age of twenty-one. That is all you have to provide for.

Mr. SINCLAIR: The committee should remember that there is not a single day for men in the services to vote but a period of twelve days, and at some time or another during those twelve days, if a man is keen to vote, he is sure to be near some camp or another. The objection here is that, with the voting taking place in advance, if a man is on leave and he is extremely conscientious and overwilling to do the best for his party, he might go to a civilian booth and vote as a civilian, so that there is a possibility, from that point of view, of having plural voting, and in the absence of pay books it would be difficult to make a check-up. There would be very few men on leave, however, who at some time in the two weeks afforded could not get to a camp somewhere and cast their vote, as they can under this measure.

Mr. ROSS (Souris): I agree with the hon. member, but suppose there is an election in harvest time. There might be thousands of members of the armed services home on harvest leave, and they would be entitled to vote in those districts if they were at home with their relatives harvesting.

Mr. CRUICKSHANK: Or home sick.

Mr. ROSS (Souris): Yes; but there would be many thousands at home at harvest time.

Mr. SINCLAIR: As regards the air force, there are air force stations all over the prairies. Every town in the prairies has an air force station.

Mr. GRAYDON: There might readily be considerable hardship with respect to this. It would take a good deal of travelling for some in my constituency to go to the nearest service voting place. Perhaps the city of Toronto or Hamilton would be the nearest but there would be none in the constituency. This is one section of the bill which I suggest might stand until some consideration can be given it. It may be that I am picturing a condition which would exist in such a very small number of cases that it would not be proper to open the bill for them. As I see it, however, with the consideration that I have given it, I think it is sufficiently important that this bill should be amended to make provision in the way I suggest.

Mr. McLARTY: Would not the proper section to stand be 35, if you are to let a section stand?

Mr. GRAYDON: I should like to have the proper section stand, whichever it may be,

so that we may give the matter due consideration. I do not feel like withdrawing my objection until some consideration is given the matter and I suggest that we should allow that section to stand.

Mr. McLARTY: When we come to section 35 we shall let it stand.

Section agreed to.

Section 26 agreed to.

On section 27—War service electors in non-Canadian units.

Mr. FRASER (Peterborough West): What about naval men who have been transferred to British ships? How would they be looked after? There are some Canadians who have been so transferred.

Mr. McLARTY: I refer my hon. friend to section 37 of the regulations.

Mr. FRASER (Peterborough West): I see it. It is all right.

Mr. GRAYDON: Take those who are training in special lines of military work in the republic to the south. What happens to their franchise? Do they lose it entirely?

Mr. McLARTY: The chief electoral officer advises me it is not necessary for them to lose their franchise. It would not be humanly possible to cover every individual elector, but on the last occasion personnel in the city of Washington were covered from Ottawa. It would be a matter of the chief electoral officer working out a satisfactory plan, but there is no reason why they should be disfranchised or why it should be assumed that they would be.

Mr. GRAYDON: I am thinking of Fort Benning in Georgia, where under normal circumstances there would be a number of our people. Would they lose their franchise?

Mr. McLARTY: No.

Mr. MacNICOL: Or take a young Canadian lad training at Pensacola for flying off airships. There are quite a number of them there. Would they be taken care of?

Mr. McLARTY: Is the hon. member referring to Pensacola?

Mr. MacNICOL: I know a number of young lads in Canada who are training there. I understand they are training to fly off airships.

Mr. McLARTY: I presume the same principle will apply to Pensacola as to any other place. If there is any group and the chief electoral officer is aware that there is such a group, or made aware of it, then there will be no difficulty in arranging that, but the arrangement would be made from Ottawa.

[Mr. Graydon.]

Mr. NEILL: There are a large number of our young Canadians in the Royal Air Force. Is any provision made for taking care of their votes?

Mr. McLARTY: Would the hon. member refer to section 37?

Mr. NEILL: We are on section 27 now?

Mr. McLARTY: Yes.

Mr. NEILL: Once we pass it we cannot go back. The minister referred me to section 37?

Mr. McLARTY: Yes.

Mr. NEILL: I want to try to connect the two. Section 27 states in a casual sort of way that the special returning officer shall endeavour to get in touch with them. It does not seem definite. This is how it reads:

> The special returning officer shall endeavour to secure the cooperation of the commanding officer of such unit.

That is where it is reported to the special returning officer that there are war service electors attached to a unit not distinctly Canadian. It does not suggest any more than mere activity on his part. It says: "If it is reported to him." Who is to do the reporting? The minister refers me to section 37, which states:

> Every person on active service in any of His Majesty's United Kingdom forces, who enlisted in such forces . . . who is a British subject . . . shall be qualified to vote . . . and may cast his vote . . .

If this suffices, of what use is section 27? If section 27 is the governing one it is not definite enough.

Mr. McLARTY: There is a difference. Section 27 refers to war service electors as defined by the regulations. Section 37 refers only to active service voters.

Mr. NEILL: Does "war service electors" mean active service?

Mr. McLARTY: Not necessarily. If you read section 5 you will see what constitutes a war service elector. It is much broader than those on active service.

Mr. BLACK (Cumberland): How will it work in actual practice? Take the case of R.C.A.F. personnel serving in R.A.F. units in Wick, Caithness, Scotland. My information is that there are not more than three or four Canadians in the unit. In actual practice how would these three or four R.C.A.F. personnel be able to cast their vote?

Mr. McLARTY: It must be assumed that that would be the duty of the special returning officer at London. They are presumably

supplied with the names of everyone enlisted in the forces in the R.A.F. and the locations in which they are established. It is the duty of the special returning officer to make some provision whereby the vote may be cast. Just what procedure he will follow will have to be left to his own ingenuity, I am afraid. But we have gone as far as we can in the regulations in seeing that the right to vote is there. It is up to the returning officer to see that the voter is given an opportunity of exercising that right.

Mr. BLACK (Cumberland): How would the returning officer get information that there are Canadians located for the time being in this special place serving in association with the R.A.F.?

Mr. McLARTY: He would get it from the R.A.F. itself.

Section agreed to.

Sections 28 to 34 agreed to.

On section 35—War service elector voting as civilian.

Section stands.

On section 36—Voting by merchant seamen.

Mr. GRAYDON: It has been drawn to my attention by the hon. member for Kootenay West that a large number of Canadian nurses are in the forces in South Africa. I am personally interested because one of the personnel there comes from my own town and a neighbouring family. I think she is stationed at Pietermaritzburg in South Africa. I take it that some provision will be made for recording the vote of the nurses there. I certainly would be very much interested in having this particular young lady's vote recorded in the next election.

Mr. McLARTY: There will be a great deal of work to be done after this bill is passed and becomes an act. Since the leader of the opposition has called attention to the fact that nurses are in South Africa, and he is particularly interested, I know the chief electoral officer will endeavour to see that provision is made so that they will be able to vote.

Section agreed to.

Section 37 agreed to.

On section 38—Elector must vote only once.

Mr. STIRLING: It occurs to me that at this time there are civilians, perhaps professional men, carrying on what might be called semi-war duties in various parts of the world. There are members of the press, and if one exercised one's ingenuity one could think of a great many such people who are not war service electors. Will they be able to vote?

Mr. McLARTY: War correspondents are entitled to vote. I do not think it is quite as broad as perhaps the hon. member for Yale suggests. If the hon. member refers to paragraph (f) of subsection 1 of section 5, he will see that the following appears:

> Persons attached to overseas forces.
> Though not mentioned in the foregoing clauses, is subject to naval, military, or air force law, as the case may be, by reason of his or her being attached to or accompanying, outside of Canada, any of the naval, military, or air forces of Canada on active service.

That would hardly be as broad as what the hon. member for Yale suggested. He suggested a person in some country doing important official work for the government, although he is not connected with the services. I am afraid if you broadened it to include such individuals then you might as well say whoever wants to vote may vote as long as they are Canadian citizens. I think it must be borne in mind that the committee wished to be very broad in its interpretation. I think it has been and to extend it would be extremely dangerous.

Section agreed to.

Sections 39 to 57 inclusive agreed to.

On section 58—Procedure; penalty for offence.

Mr. GRAYDON: Are these penalties perfectly in order, having in mind the military discipline to which a service man is normally subject?

Mr. McLARTY: Yes; I understand that no exception has been taken by the military authorities. These provisions were in the 1940 regulations as well as the regulations governing the plebiscite. Perhaps that is not the most satisfactory answer in the world, but no exception having been taken, I imagine we can assume that they are not very objectionable.

Mr. GRAYDON: That is a better answer than none but perhaps not as good as some.

Section agreed to.

Section 59 agreed to.

On section 60—Procedure on death of candidate.

Mr. MacNICOL: This may be the clause the minister had in mind in reference to a by-election. If a candidate died between nomination day and election day, the election would not take place as far as that con-

stituency was concerned; there would be a by-election, in which the soldiers would not vote.

Mr. McLARTY: I do not quite follow the point the hon. gentleman is making.

Mr. MacNICOL: This bill applies only to a general election. If a candidate died during the campaign there would be no election as far as that seat was concerned. Then when the by-election would be held afterwards the bill would not apply.

Mr. McLARTY: That is right.

Section agreed to.

Sections 61 to 64 inclusive agreed to.

The CHAIRMAN: Now follow ten forms, which may form part of the schedule, but I do not think they should be called.

Schedule A stands.

On schedule B.

Sections 1 to 14 agreed to.

On section 15—Offences and penalties.

Mr. GRAYDON: Before we leave this entirely I just want to make sure that I understand the situation with regard to votes of prisoners of war. From reading the regulations I take it that no instructions came from a prisoner of war to enable the next of kin to vote. In this respect, therefore, it is different from the procedure followed in the Ontario election, in which the next of kin or the person designated who cast the vote had to have something official by way of proxy from the man concerned. I take it that under our procedure, whether or not a prisoner of war wants to vote, his next of kin may exercise the franchise for him if they so desire, without any direction or instruction on his part as to whether or not he desires his ballot to be cast. I raise no objection to that; I merely point out what appears to be the dissimilarity between these regulations and those which were promulgated in connection with the Ontario election. As the minister knows, that experiment in the province was rather an unhappy one, and I am glad no suggestion has been made during the discussion of this bill that proxy voting, as it was carried on in Ontario, should be repeated during the federal election as far as our active service voters are concerned.

I hardly see how the regulations could be drawn differently, because of security matters and so on which might be involved if prisoners of war were asked to take some part in an election in a democratic state. I presume that point had some bearing and was a factor in the decision reached by the committee in regard to this point. I do not rise to complain, but only to point out the difference.

Mr. WEIR: I should like to ask one question about the next of kin voting. Supposing a soldier goes overseas and marries, and is then made a prisoner of war. Who is then his next of kin, as far as this vote is concerned?

Mr. McLARTY: The wife is the next of kin.

Mr. WEIR: But she is in England.

Mr. McLARTY: It is the one appearing as next of kin on the records at headquarters.

Mr. SINCLAIR: And a resident of Canada.

Mr. McLARTY: And who is a qualified elector in the constituency in which the proxy wishes to vote.

Section agreed to.

Schedule B agreed to.

On schedule A.

On section 35—War service elector voting as civilian.

Mr. McLARTY: We have covered everything except this section. I have been giving the matter some little consideration, at least as much as could be given while dealing with the other sections. I realize that, as the leader of the opposition points out, there may be some cases—I should say they would be isolated cases—which will not be covered by the provisions concerning voting as a civil elector and the wide provisions covering voting as a service elector which, as the hon. member for Vancouver North pointed out, allow twelve days. It may be impossible to have polling booths as conveniently located for service electors as for civilian voters. On the other hand I must urge, as has been pointed out by the hon. member for Yale, that hard cases make bad law. If one tries to cover too many exceptional cases he might stretch the bill to an unreasonable length.

I suggest to the hon. member that the number of exceptions there will be, in the instance to which he has directed attention, are not numerous. On the other hand, in considering just how to give effect to those few odd cases, I must say frankly that unless we are prepared to enlarge greatly the number of polling subdivisions for war service electors, I do not see that there is any possibility of doing it. Consequently I feel that unless my hon. friend insists, not seeing any way out of the difficulty, and believing that the difficulty will be met with only in most

exceptional cases, we might proceed. I am wondering if it is of sufficient importance to hold up the committee.

Mr. GRAYDON: Perhaps we can dispose of it readily. I take it that the minister has indicated the government's position. If the government desires to take the responsibility —as it must, in the end, in any event—and feels that the section must go through as it is, then I can only say that I can accept no responsibility whatsoever for agreeing to a section of this kind. I must confess that I think we should have taken much more time. The bill was presented only this afternoon, and I think we ought to have had some time to consider the matter raised. So far the bill has passed with very little discussion, the reason being that the *Votes and Proceedings* have carried the general provisions.

I say that the minister and the government are asking far too much when they ask the opposition to give consent, without further consideration. If the government decides to take that stand, and accept that responsibility, then it may do so. But it certainly is carried over the most vehement and vigorous protest, so far as I am concerned.

Mr. McLARTY: I am quite agreeable to allowing the section to stand.

Section stands.

Schedule A stands.

Progress reported.

NAVAL SERVICE ACT

AMENDMENTS AND CONSOLIDATION—ADAPTATION OF UNITED KINGDOM NAVAL DISCIPLINE ACT, 1866

The house resumed from Thursday, June 8, consideration in committee of bill No. 112, respecting the naval service of Canada—Mr. Macdonald (Kingston City)—Mr. Bradette in the chair.

Sections 9 to 15 inclusive agreed to.

On section 16—Organization.

Mr. STIRLING: Would the minister explain the reference on the explanatory page to the "Royal Canadian Fleet Reserve". I never heard of it.

Hon. ANGUS L. MACDONALD (Minister of National Defence for Naval Services): In point of actual fact, Mr. Chairman, the fleet reserve has no personnel. There is an organization on paper, and regulations are drawn for a fleet reserve; no such reserve, however, has been organized. When organized it would consist of men who have served in the Royal Canadian Navy for at least seven years, but who have then left it.

Mr. STIRLING: As apart from the Royal Canadian Naval Reserve.

Mr. MACDONALD (Kingston City): That is right.

Section agreed to.

Section 17 agreed to.

On section 18—Naval service may be at disposal of His Majesty in emergency.

Mr. MacNICOL: It is my understanding that in the event of an emergency, where the Canadian naval force would be called into action, there would be nothing in that force which would compare with what is known as the zombie army. Everyone in the navy is subject to active service.

Mr. MACDONALD (Kingston City): That is the way it is to-day, yes. The navy is composed entirely of volunteers, who are all on active service.

Section agreed to.

Sections 19 and 20 agreed to.

On section 21—Naval volunteer reserve.

Mr. STIRLING: It would seem that sections 21 and 23 repeat section 16. Is that necessary?

Mr. MACDONALD (Kingston City): Section 16 is for the naval reserve, and these sections, to which the hon. member has referred, refer to the naval volunteer reserve.

Mr. STIRLING: And it is necessary that it be repeated.

Mr. MACDONALD (Kingston City): They are different, yes.

Section agreed to.

Sections 22 and 23 agreed to.

On section 24—Naval college to be established.

Mr. STIRLING: The Royal Canadian Naval college is, of course, the one at Royal Roads?

Mr. MACDONALD (Kingston City): Yes.

Mr. STIRLING: Is that the only one that can be designated as a naval college? I am thinking of King's, near Halifax, and certain other establishments which train officers and ratings for specialized services. Do they not come under the head of colleges?

Mr. MACDONALD (Kingston City): No; I think not. King's, as a college, was not a naval college.

Mr. STIRLING: Does the minister say it is a college?

Mr. MACDONALD (Kingston City): As a college, King's was not a naval college. It was an institution under the control of the Church of England. But when it passed over to the navy we simply called it His Majesty's Canadian Ship *King's*, without using the word "college." The name Royal Canadian Naval college is properly applicable only to the institution at Royal Roads.

Section agreed to.

Sections 25 and 26 agreed to.

On section 27—Requirements for admission.

Mr. STIRLING: Why is it necessary to speak of the engineering branch as separate from the military? Do I take it that the term "military" includes all the specialized branches in the navy and for some reason or another the engineering branch is kept separate?

Mr. MACDONALD (Kingston City): That was the old wording of the section. If we were rewriting it we would probably use the words "executive and engineering branches," but we wanted to change the old section as little as possible.

Mr. STIRLING: I do not quite follow why signals, navigation, gunnery, torpedoes and so on are left out and the engineering branch is mentioned particularly.

Mr. MACDONALD (Kingston City): In the navy to-day we have the executive branch and also the engineering branch. The executive branch includes all those branches to which the hon. member has referred. I think if we were drawing the section anew we would use the word "executive", but thirty-four years ago the word "military" was used. I think it is well understood in the service that it means the executive branch as distinct from the engineering.

Mr. STIRLING: We are amending the Naval Service Act, so why retain the word "military" when another would be better?

Mr. MACDONALD (Kingston City): I see no objection to simply saying:

The age of candidates on admission to the Royal Canadian Naval College shall be as prescribed by the governor in council.

We would not designate any particular branch.

[Mr. Stirling.]

Mr. STIRLING: I do not see why it is desirable to retain the word "military" simply because it was in the act thirty-four years ago.

Mr. MACDONALD (Kingston City): Let us change it then. The words to be taken out would be "for the military and engineering branches of the naval service" and the words to be substituted therefore would be "to the Royal Canadian Naval College". The section would then read:

The age of candidates on admission to the Royal Canadian Naval College shall be as prescribed by the governor in council.

Mr. MACKENZIE (Vancouver Centre): I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Section 28 agreed to.

On section 29—Target practice.

Mr. ISNOR: Can the minister give us any assurance with regard to compensation for damage to equipment? I have in mind the damage which has been caused to fishing equipment along the Atlantic coast. Thousands of dollars of damage have been done, particularly during the past few months. This has been on account of the patrol work carried on by the navy, but as far as I know no provision has been made to pay for this damage.

Mr. MACDONALD (Kingston City): I doubt if there is any provision in this bill dealing with the matter to which my hon. friend refers. I know the department has paid many claims for damage to nets along the coasts of Canada and I assume the practice will be continued. When we have had proof that a man's net has been damaged by one of our ships, some compensation has been made, but that matter is not specifically covered in the bill.

Section agreed to.

Sections 30 to 41 inclusive agreed to.

On section 42—Officer or man serving in another navy.

Mr. MacNICOL: I do not quite understand this subsection which reads:

Where any officer or man belonging to the naval forces is borne on the books of a ship or establishment of another navy, he shall for all purposes of command and discipline be subject to the laws, regulations and customs applicable to that ship or establishment.

How can a man be serving in two navies?

Mr. MACDONALD (Kingston City): A member of the Canadian navy might be in a

British ship or establishment on loan to the British navy, in which case he would be subject to the laws of that ship or establishment.

Section agreed to.

Sections 43, 44 and 45 agreed to.

On section 46—Court-martial witnesses.

Mr. STIRLING: I do not quite see the necessity for subsection 2.

Mr. MACDONALD (Kingston City): I think that is not an unusual provision. It is to ensure that witnesses will attend and that the court martial may proceed.

Section agreed to.

On section 47—Persons subject to this part.

Mr. STIRLING: In paragraph (c) certain portions of the commonwealth are mentioned, but India is omitted and so is Southern Rhodesia. India had a Royal Indian Marine. I am not sure whether it is still retained as a separate force.

Mr. MACDONALD (Kingston City): It is.

Mr. STIRLING: Then should it not be included? Southern Rhodesia is a dominion, although so far as I am aware it carries no naval service. Kenya does, but it would come in under His Majesty's forces of the United Kingdom, I presume, but not India. Why should India not be included?

Mr. MACDONALD (Kingston City): The origin of this part of the section is to be found in the Visiting Forces Act passed here in 1933 and in other parts of the commonwealth at the same time. The places mentioned in that act are the very same places that are mentioned here: the United Kingdom, Australia, New Zealand, South Africa, the Irish Free State and Newfoundland. That is why they are the only ones mentioned in this bill.

Mr. GRAYDON: Has the neutrality of the Irish Free State no effect upon this section?

Mr. MACDONALD (Kingston City): They are members of the commonwealth. If they have a navy—

Mr. GRAYDON: Have they?

Mr. MACDONALD (Kingston City): If a member of their navy should be attached to our Canadian naval forces, certain consequences would follow. So with the Royal Australian Navy. That is all that that means.

Mr. STIRLING: Cadets of the Royal Indian Marine join our cadets and the cadets of Australia and of the other dominions in a training cruiser. I do not understand why India should be omitted.

Mr. MACDONALD (Kingston City): The discipline of commonwealth troops attached to a force of another part of the commonwealth is settled by the Visiting Forces Act, and I would assume—I am not sure that this is exactly so—that India is not a partner to the Visiting Forces Act for some reason or another. Therefore we make no provision for her in this subclause.

Section agreed to.

Sections 48 to 73 inclusive agreed to.

On section 74—Suffering ships or aircraft to be improperly lost.

Mr. GRAYDON: As one goes over these consequential penalties it seems to me that the boys of our Canadian navy would not be guilty of many infractions of this kind, although I can well understand that the minister has to have them in.

Mr. MacNICOL: On the right hand page I see this note, "Corresponds to section 28"—"Corresponds to section 29"—"Corresponds to section 30"—and so on. What does that mean? To what act does it refer?

Mr. MACDONALD (Kingston City): That refers to sections of the British Naval Discipline Act which are in effect in this country. They are made applicable in Canada because a certain section of our act says that they are to be applicable. We propose, as I stated last night, to put them in our own act, which makes for a more compact arrangement.

Mr. MacNICOL: Our new bill is largely the British Act made applicable to the Royal Canadian Navy?

Mr. GRAYDON: It is a change from indirect application to direct application?

Mr. MACDONALD (Kingston City): Yes.

Section agreed to.

Sections 75 to 80 inclusive agreed to.

On section 81—Endeavouring to stir up any disturbance on account of unwholesomeness of the victuals or other just grounds.

Mr. GRAYDON: I hope the penalty would not be too great for that kind of infraction!

Section agreed to.

Sections 82 to 85 inclusive agreed to.

On section 86—Breaking bulk on board prize ship with a view to embezzlement.

Mr. STIRLING: Does prize money still exist in the navy? Have some of our officers and ratings been benefiting by some of the captures that have been made?

Mr. MACDONALD (Kingston City): I have heard some doubt as to whether there is to be a distribution at the end of the war. I do not know just why the question has arisen. The fund would not be distributed in any event until the end of the war. It is all pooled. I do not know why the doubt has arisen but I have heard it expressed. In the last war there was a prize fund in which Canadian sailors participated.

Sections 87 to 89 inclusive agreed to.

On section 90—Jurisdiction as to place where alleged offence committed.

Mr. MACKENZIE (Vancouver Centre): I move that subsection 1 be amended in the second line by inserting between the word "inclusive" and the word "of" the words "and section 96".

Amendment agreed to.

Section as amended agreed to.

Sections 91 to 103 inclusive agreed to.

On section 104—Constitution of courts martial.

Mr. STIRLING: I have read this section with a good deal of interest and I see that certain regulations, certain methods, and certain points in connection with courts martial are laid down here, but a great deal is omitted with regard to the conduct of courts martial, and I must presume, therefore, that they come under the regulations. But could the minister assure me that there is at some stage provision for the charge to be handed to the accused or stated in court or given him in such a way that he can prepare his defence? A good many years ago there was a rather famous court martial in which a sailor of admiral rank was court-martialled and the charge never made—

Mr. MACDONALD (Kingston City): Never read?

Mr. STIRLING: It was never furnished him. In the course of the court martial it was quite obvious what the charge was, but it created a good deal of attention and indeed is quoted all these years after.

Mr. MACDONALD (Kingston City): As set out in section 109, the officer is allowed to object to any member of the court and he may raise any other objection regarding the constitution of the court. That is a vital provision for the accused. There is a provision in the King's Regulations and Admiralty Instructions that he must be given a copy of the charge twenty-fours in advance.

Mr. STIRLING: That is it.

Mr. MACDONALD (Kingston City): That will be incorporated in our regulations.

Mr. STIRLING: And also provision for the prisoner consulting his friends?

Mr. MACDONALD (Kingston City): Yes. There is provision now that the accused person shall have full opportunity of preparing his defence, free communication with his witnesses and with any adviser whom he may wish to consult, and he may also have with him any person whom he wishes to conduct his case, a legal officer or adviser.

Mr. BLACKMORE: What would happen if a court martial were proved to have been conducted without regard to one or more of these provisions? Suppose a man had been declared guilty though any of these provisions had been disregarded. What recourse would he have?

Mr. MACDONALD (Kingston City): The finding of the court martial, of course, would have to be approved by the minister. It must be reviewed by the judge advocate of the fleet, and any irregularities of that kind, I should assume, would be detected by one or other of these persons. As a matter of fact, I have had to quash some proceedings in the last three or four years.

Mr. BLACKMORE: Suppose a court martial's finding got past all these officials and still was allowed, notwithstanding that it was deficient in respect of two or three of these provisions. What recourse would the victim have?

Mr. MACDONALD (Kingston City): Of course, if the error were of the kind my hon. friend states the accused would have the right to appeal to the civil courts, if he failed to get justice anywhere along the line in the naval service.

Mr. BLACKMORE: Would the same apply to other branches of the service?

Mr. MACDONALD (Kingston City): Oh, yes.

Mr. BLACKMORE: What would be the nature of the case which the accused would bring to the court? Would he sue someone for damages?

Mr. MACDONALD (Kingston City): There are several remedies open. One would be the ancient and well known remedy of habeas corpus. He would demand that cause be shown why he should be punished. There are certain other remedies. There is the writ of mandamus which might issue in certain cases, and the proceeding known as *certiorari*, where the whole matter is brought up, might also be available. There are several opportunities.

Section agreed to.

Sections 105 to 123 inclusive agreed to.

On section 124—Coming into force.

Mr. GRAYDON: Before the last clause carries and in order that I shall not be deprived of an opportunity of asking a question that did not seem to present itself while the sections were being read, may I say to the minister that there does not seem to be anything in the bill with respect to the naval board. Is there a section or paragraph that actually covers the naval board?

Mr. MACDONALD (Kingston City): No; that has not been put in the bill. There is at the present time an order in council establishing the naval board, and it is proposed to put that in the regulations. It is more or less a matter of internal administration in the department which, perhaps, at some future time may be changed. Some other minister might prefer some other title for his advisers; consequently it was not thought right to incorporate that in a statute. It will be in the regulations.

Mr. GRAYDON: I understand that there has been acquiesence on the part of the government with the criticisms which were made last year by Commander MacLean with respect to the suggestion of the inclusion of two extra members from the Royal Canadian Naval Volunteer Reserve on the naval board. Could the minister advise us whether or not there was an addition to the board, and, if so, were naval volunteer reserve men appointed?

Mr. MACDONALD (Kingston City): In the first place I would not say that it was because of Commander MacLean's protestations or statements that the change was made. I think the hon. member for Lake Centre, my hon. friend's colleague, made a well reasoned plea on that point at one time in the house when my estimates were up, which impressed me considerably. But apart from that, the naval reserve and the naval volunteer reserve have now grown to such proportions that it was felt we should give them fuller representation on the board, and that was done by means of an amendment to the original order in council establishing the board.

Mr. GRAYDON: I was not trying to assess the position in which the minister found himself as regards the representations which were made. I was merely inquiring, because I have just read in the magazine edited by Commander MacLean of a suggestion of that kind.

In conclusion, may I say that a very interesting situation may have escaped the notice of the members of the committee to-night. While we were discussing the Naval Services Act the navy was represented by the minister who was sponsoring the bill. One of the chief critics on our side of the house was the former Minister of National Defence, and the acting chairman of the committee was no less than a flight lieutenant of the Royal Canadian Air Force (Mr. Sinclair); therefore, the three services were represented on this particular occasion. I thought the committee might like to have that drawn to its attention at this time.

Mr. MacNICOL: Before the last section passes, may I ask a question with reference to section 115? I realize that the section has already passed. According to this section the minister may order a penalty remitted or suspended. I presume that would be a sentence passed by the judge advocate, or whatever is the proper name. Would the minister have the power to override a judge's decision?

Mr. MACDONALD (Kingston City): The minister always has power to reduce a sentence, yes.

Mr. KNOWLES: May I ask a question about another section that has been passed? Should there not be a qualifying phrase in section 2 (b) similar to that found in paragraphs (c) and (g)? My point in asking that question will be obvious. Provision is made in paragraphs (c) and (g) for the occasion when under the Department of National Defence Act there is a minister and deputy minister of national defence for naval services. I wonder whether paragraph (b) should not have a similar qualifying phrase, so that the department under that same circumstance would mean, not the Department of National Defence but the Department of National Defence for Naval Services?

Mr. MACDONALD (Kingston City): The hon. member raises an interesting point; but I am advised, and I think my advice is correct that the draftsmanship is right. By looking at the National Defence Act itself and the amending act of July 12, 1940, I conclude that the paragraph is in proper form.

Strictly speaking, there is only one Department of National Defence. My colleague, the Minister for Air and I are merely named as ministers of national defence for air and national defence for naval services. No special department is named. Consequently I think it is better that we should be correct and have the word "department" defined as it is now, to mean only the Department of National Defence. It is a good point; I am glad my hon. friend raised it, but on reflection I think the paragraph is correctly worded.

Mr. KNOWLES: I just wanted to be sure it was not an error.

Mr. BLACK (Cumberland): Mr. Chairman, the leader of the opposition has made reference to you, with your very distinguished service in the air, taking part in the passing of this naval bill, and also to my colleague the hon. member for Yale, a former Minister of National Defence. I should like to complete this record of distinguished personages who have played a part in drawing up and dealing with this bill by mentioning my fellow townsman, Commander Horace Read, R.C.N.V.R., of Amherst, Nova Scotia, who has had a distinguished career in the legal profession; who was a professor at Dalhousie college and who, because of his high qualifications, was secured to head the department of legislation in the law school at the university of Minnesota. He returned to Canada in order to contribute his services to the naval department, and I believe was largely responsible for the drafting of this bill as well as other very important work. He also had a distinguished career in the last war, first enlisting in the 219th battalion and later transferring to the air force. Those were early, pioneering days in the air, as compared with the period through which we are now passing.

I might also mention, as among the distinguished personages to take part in our proceedings to-night, my fellow townsman the Minister of National Defence. As we all know, he distinguished himself in the last war. Now he is carrying a very great burden in administering the Department of National Defence during this struggle and has assumed the additional responsibility of leading this house during the absence of the Prime Minister in Great Britain and, at times, since his return. It gives me very great gratification, Mr. Chairman, to make these additions to the record of which you were reminded by the leader of the opposition.

Mr. KNOWLES: I do not know whether or not I am in order, but I should like to draw attention to the presence in the gallery of a naval rating. I do not know who he is, but he has been here throughout the discussion.

Section agreed to.

Title agreed to.

Bill reported, read the third time and passed.

It being ten minutes after eleven o'clock the house adjourned without question put, pursuant to standing order.

Monday, June 12, 1944

The house met at three o'clock.

REAL ESTATE

PROPERTIES PURCHASED BY GOVERNMENT IN PRAIRIE PROVINCES

Hon. T. A. CRERAR (Minister of Mines and Resources): I desire to table parliamentary return, reference No. 193, asked for by the hon. member for Lake Centre (Mr. Diefenbaker), a statement showing location of and prices paid for all properties purchased by the government during 1941 to 1943 in Manitoba, Saskatchewan and Alberta.

I should like to make this comment, if I may: The preparation of this order involved a great deal of work. I have in mind the possibility of similar questions being asked as to the acquisition of properties under the Veterans' Land Act, with details of purchases, locations and descriptions. A great deal of work would be involved in that; therefore this should not be taken as a precedent.

CANADIAN FORCES

ANNOUNCEMENT AS TO NEW SYSTEM FOR SUPPLYING CIGARETTES TO PERSONNEL OVERSEAS

Hon. W. P. MULOCK (Postmaster General): I wish to advise members of the house that, as a result of the combined efforts of the Minister of National Defence, the Minister of National Defence for Air, and myself, a new system has been developed for the sending of cigarettes from Canada to members of the armed forces in Italy which will result in the equivalent of air mail service.

It is hoped soon to have a similar system in operation for the members of our forces serving in Britain and France. The new system of handling cigarettes addressed to members of the forces in Italy goes into effect on June 19, and simply described, involves the sending by air mail of addressed labels, representing cigarettes ordered as at present in Canada to a Mediterranean depot, where they

will be drawn against a large reserve of cigarettes which has been built up over a period of time by bulk shipments.

Under the new arrangement, the individual sending the cigarettes is relieved of the possibility of loss between the tobacco company in Canada and the cigarette depot in Italy, as the Post Office Department is assuming responsibility for loss, if any, of the bulk shipments. In addition, it is expected that the new plan will result in a marked speeding up of deliveries. From the standpoint of the mailing public, there is no change in procedure. Orders will be placed in the same manner as at present, either with the tobacconist or direct with the company. When the company receives the order, a label covering each standard package of three hundred cigarettes ordered will be prepared, complete with postage and particulars. The labels will then be recorded by the Post Office Department and sent overseas by air transport. Upon arrival at the tobacco depot, the labels will be attached by members of the postal corps to parcels of the particular brand of cigarettes ordered and will then be dispatched to the addressee. The scheme has a particular advantage in that if any plane carrying labels is lost the labels can be quickly duplicated and the orders filled as if no loss had occurred. Replacement stocks at the depot in Italy will be forwarded in bulk shipment.

I have referred to standard packages of three hundred cigarettes. The efficient operation of the plan makes it necessary to adopt this size of a parcel, and after June 19 all cigarettes forwarded for men overseas must be in this size. The plan will not affect the present practice of certain auxiliaries, associations or other agencies sending bulk shipments of cigarettes for impersonal distribution to units or generally throughout the forces.

Orders for delivery under the new plan will be accepted for Sweet Caporal and Winchesters of the Imperial Tobacco Company, British Consols and Exports of W. C. Macdonald Incorporated; and Buckinghams and Wings of Tuckett Limited.

Persons wishing to order cigarettes from tobacco companies other than those mentioned may continue to do so, but in these cases the individual parcels will continue to be handled as at present. These orders also, however, must conform to the three hundred cigarette standard package.

As a further result of the scheme, it is anticipated that later on, possibly within a month, a system will go into effect whereby members of the armed forces overseas will be able to purchase cigarettes direct from the overseas tobacco depots at the rate of three hundred for the equivalent of one dollar.

[*Later:*]

CANADIAN WOMEN'S ARMY CORPS PIPE BAND—DRESS

On the orders of the day:

Mr. JAMES SINCLAIR (Vancouver North): Mr. Speaker, I have a question to ask the minister of National Defence of interest to all the Canadian Scottish regiments, and one which I believe will be of interest also not only to your Honour, but also to the other seventy hon. members who, like yourself, are either of Scottish birth or of Scottish descent. On Saturday afternoon I had the pleasure of hearing the very excellent pipe band of the Canadian Women's Army Corps when it appeared on parliament hill. I was surprised, however, to find that they were not attired in the dress characteristic of a pipe band. The members of the British Army Women's Corps Pipe Band wear tartan kilts; indeed, any recruits to the corps enlisted in Scotland may wear the kilt. I would ask the minister whether consideration will be given to outfitting in a similar fashion this fine pipe band, made up of members of the Canadian Women's Army Corps.

Hon. J. L. RALSTON (Minister of National Defence): I can assure my hon. friend that I shall be glad to consult him in the matter. Having been myself a member of a Highland battalion, I agree with him that all possible steps should be taken to see to it that there is strict observance of the dress regulations of the Highland clans.

Mr. HANSON (York-Sunbury): Why should not the minister consult other Scottish members of the house? Why pick out the hon. member for Vancouver North?

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SOUTHERN ALBERTA DROUGHT AREA POLICY

Mr. GERSHAW:

1. Will the government get a report from the P.F.R.A. officers regarding the conditions of the grain and grass crops and the stock watering places in southern Alberta?

2. What steps are being taken to make use of the available water in the streams from the hills and mountains in working out some long term drought area policy in the above area?

Mr. CRERAR:

1. Through the field staffs under the Prairie Farm Rehabilitation Act and the Prairie Farm Assistance Act, and other departmental officers, the Department of Agriculture is kept informed of the crop and moisture conditions in Alberta. At the present time the district engineers under P.F.R.A. are making a check to determine the extent of the water reserves in the dams and dugouts in the Lethbridge and Medicine Hat areas.

2. It has been recognized for a great many years that the best way to make use of the water supply of the streams of Alberta is by a series of storage reservoirs on, and adjacent to, streams where high flows and flood flows occur periodically, in order that such water can be held over and used beneficially when the stream flows are low.

The dominion reclamation service, recognizing the necessity of storing the high flows, made preliminary surveys of a great many storage sites in the foothills and mountains. The prairie farm rehabilitation organization have access to all of the information and plans made by the reclamation service and it has been the policy, as funds and staff have become available, to make detailed surveys of those various sites.

Until tests have been made to determine foundation conditions it is not possible to determine the feasibility of reservoir sites. This is the information now required in connection with all of those sites which have been already investigated by the reclamation service and the P.F.R.A. The policy of the P.F.R.A. is to continue investigations of storage sites on the mountain streams particularly with regard to foundation conditions.

In addition to these major works, planned for future construction, the sum of $366,384.66 has already been expended in Alberta under the Prairie Farm Rehabilitation Act on projects designed to conserve and use the water of rivers and streams in Alberta.

R.C.A.F.—EQUIPMENT DEPOTS—STATIONERY AND PRINTING DESTROYED

Mr. BENCE:

What was the total cost value of stationery and printing destroyed in R.C.A.F. equipment depots, in each of the provinces of Manitoba, Saskatchewan, and Alberta, during the twelve-month period from May 1, 1943, to May 1, 1944?

Mr. POWER:

1.

No. 7 equipment depot, Winnipeg, Man.	$2,630 42
No. 11 equipment depot, Calgary, Alta.	1,689 60
Total	$4,320 02

There is no equipment depot in Saskatchewan.

CANADIAN ARMY—ACCIDENT ON BIG BEND HIGHWAY, B.C.

Mr. GREEN:

1. Has there been any investigation into the fatal accident which occurred on the Big Bend Highway in British Columbia on or about the 23rd May, 1943, when an army truck crashed through a bridge over the Goldstream creek?

2. If so, what was the result of such investigation?

Mr. MACDONALD (Halifax):

1. Yes. The matter is being investigated by a court of inquiry.

2. The result of the investigation is not yet available.

STEVENSON AIRPORT WINNIPEG

Mr. KNOWLES:

1. Has the Department of Transport received from the St. James-Winnipeg airport commission, since May 22, 1944, a further proposal for the enlarging of Stevenson field?

2. Is consideration being given by the government to the granting of official approval to the plans proposed by the above commission?

3. Is consideration being given by the government to joining with the local, provincial and municipal governments in supporting the foregoing proposal?

4. If not, has the government any alternative plans for the enlarging of this airport?

Mr. CHEVRIER:

1. Yes. Letter dated May 28 has been received.

2, 3 and 4. The St. James-Winnipeg airport commission have been advised of the government's desire to cooperate fully with the commission in the further development of Stevenson airport when conditions necessitate its extension. No commitment for any financial assistance under present conditions has been made.

BRITISH COLUMBIA STRAWBERRY AND RASPBERRY PULP

Mr. CRUICKSHANK:

1. Was the strawberry and raspberry pulp, or So2 production of British Columbia placed under allotment for sale to manufacturers in 1943?

2. If so, what was the total quantity of each exported from British Columbia for this purpose?

3. What was the average price paid for strawberries and raspberries under this order?

4. Could shippers export as the pack became ready?

5. Who financed the pack being held for export to eastern manufacturers, and to the order of munitions and supply?

6. What other provinces came under this order?

Mr. ILSLEY:

1. Yes, except the pulps packed for the packers' own use in British Columbia.

2. Strawberries, 647 barrels; raspberries, 2,505 barrels.

3. Strawberry pulps; approximately 18½c. per pound of fruit, f.o.b. plant in B.C.
Raspberry pulps; approximately 17½c. per pound of fruit, f.o.b. plant in B.C.

4. No.

5. The packer.

6. None.

CANADIAN ARMY—SOLDIER ROY, CHAUDIÈRE REGIMENT, SUSSEX, N.B.

Mr. POULIOT:

1. Was a soldier by the name of Roy, blind in one eye, placed in category "A" in the Chaudière regiment, while that regiment was at Sussex, N.B.?

2. If so, was he sent overseas?

3. Was he placed in another medical category while in England, and was he sent back to Canada because his medical category had been lowered?

4. Was he retained in the army in Canada?

5. If so, where, and what are his duties?

6. What is his present medical category?

7. In what medical categories was he placed, on what dates, and by what physicians?

Mr. MACDONALD (Halifax): With the information available it has been found impossible to identify this soldier. I have spoken to the hon. member for Témiscouata, and I would ask that this question be dropped.

Question dropped.

CANADIAN ARMY—SOLDIER PARADIS, CHAUDIÈRE REGIMENT, SUSSEX, N.B.

Mr. POULIOT:

1. Was a soldier named Paradis who was totally deaf placed in category "A" while he was in the Chaudière regiment at Sussex, N.B.?

2. Was he sent overseas and, if so, when?

3. Was his medical category lowered while he was overseas, and was he sent back to Canada as unfit for military service and, if so, when?

4. Afterwards, was he sent back overseas?

5. If so, was he cured of his deafness, and when?

6. Is he now a staff sergeant in the Quebec regiment overseas?

7. In what medical categories was he placed, on what dates and by whom?

Mr. MACDONALD (Halifax):

On the assumption that the soldier referred to is E11014, Sgt. Joseph Paradis, the information is as follows:

1. No. He was not totally deaf. He was placed in category "E" at Sussex, N.B., and later placed in category "A" at Quebec, P.Q.

2. Yes. 20th July, 1941.

3. His medical category was not lowered overseas and he was not sent back to Canada as unfit for military service, but was returned in March, 1942, for instructional duty with the newly mobilized 6th and 7th divisions.

4. No.

5. Answered by No. 4.

6. No. He was discharged as medically unfit on 5th January, 1944.

7. Category "A", 12th September, 1939, medical board, Quebec, P.Q.; category "E", 24th April, 1941, medical board, Sussex, N.B.; category "A", 6th June, 1941, medical board, Quebec, P.Q.; Pulhems 1115111, 7th December, 1943, medical board, Dartmouth, N.S.

DEPARTMENT OF LABOUR—EMPLOYMENT SERVICE AND UNEMPLOYMENT INSURANCE BRANCH

Mr. COTE:

1. Who is the officer appointed by virtue of order in council P.C. 7994 to take charge of the employment service and unemployment insurance branch in the Department of Labour?

2. What control, if any, does he have, (a) on the officers and other staff of the unemployment insurance commission; (b) on the regional and local offices of the said commission?

3. To whom is this officer referred to in the preceding questions directly responsible for his administration of the employment service and unemployment insurance branch?

4. Who are the executive officers of the said branch and what is their respective representative capacity in relation to, (a) the employer; (b) the worker; (c) the Canadian taxpayer?

5. Has the unemployment insurance commission any responsibility whatsoever and, if so, what is the nature of that responsibility, for the administration of the employment service and unemployment insurance branch?

Mr. MITCHELL:

1. Mr. Allan M. Mitchell, U.I.C. commissioner.

2. (*a*) The control as outlined in sections 1 and 5 of P.C. 7974; (b) see (a).

3. Defined under sections 1 and 5 of P.C. 7994.

4. H. F. Caloren, chief executive officer; W. K. Rutherford, chief employment officer; R. G. Barclay, chief insurance officer; T. R. Walsh, chief of the legal division. (a), (b) and (c) All are civil servants.

5. The responsibilities of the unemployment insurance commission are those described in section 1 of P.C. 7994, and those of the individual commissioners are as set out in sections 2, 3 and 4 of the same order.

WHEAT MARKETED BY FARMERS, 1935-36 to 1942-43

Mr. FAIR:

How many bushels of wheat were marketed by farmers in each of the crop years, 1935-36 to 1942-43 inclusive?

Mr. MacKINNON (Edmonton West):

	Marketing Prairie provinces [1]	Millings Ontario wheat [2]	Total
	bushels	bushels	bushels
1935-36....	216,273,373	3,687,710	219,961,083
1936-37....	165,628,731	3,251,912	168,880,643
1937-38....	125,471,078	3,664,256	129,135,334
1938-39....	290,539,457	3,213,687	293,753,144
1939-40....	427,312,750	4,716,754	432,029,504
1940-41....	458,382,611	5,129,701	463,512,312
1941-42....	227,854,572	3,962,862	231,817,434
1942-43....	268,219,159	5,120,631	273,339,790

[1] Including receipts at internal private and mill elevators from 1940-41.

[2] Only figures available on marketing of wheat in eastern Canada.

COORDINATION OF PRODUCTION

Mr. FACTOR:

1. Is Mr. H. J. Carmichael, coordinator of production and chairman of the production board, a dollar-a-year man, and what is his per diem or expense allowance?

2. Is he in the employ of General Motors of Canada, Limited?

3. Is he on the payroll of the company?

4. Is he a director of the company?

5. Has he severed all connection with General Motors of Canada, Limited?

Mr. CHEVRIER:

1. Mr. H. J. Carmichael, coordinator of production and chairman of the production board, was invited by the Minister of Munitions and Supply to join the department and on January 13, 1941, he accepted the position of director general, gun production branch. Since the date of his appointment he has accepted no salary, per diem allowance or expenses.

2. No.

3. No.

4. No.

5. Yes. Mr. Carmichael resigned his position as vice-president and general manager of General Motors of Canada, Limited, on January 13, 1941.

SOLDIER SETTLEMENT—ALBERTA

Mr. HANSELL:

What lands south of township 20 in the province of Alberta have been purchased since 1939, for the purpose of rehabilitation of soldiers under the soldier settlement scheme?

[Mr. Mitchell.]

Mr. HANSELL: In view of the information asked in the question immediately preceding this one on the order paper, in the name of the hon. member for Battle River, (Mr. Fair) which has been allowed to stand, I would ask that this question be dropped and I will reword it. Part of the information I desire may be found in the answer to the previous question when it is brought down.

Question dropped.

MOBILIZATION ACT—PERSONNEL IN NEWFOUNDLAND—FARM LEAVE

Mr. POULIOT:

1. Under the mobilization regulations, are conscripts stationed in Newfoundland deemed to be overseas?

2. If not, are they entitled to farm leave?

Mr. MACDONALD (Halifax):

1. N.R.M.A. soldiers serving in Newfoundland are serving outside of Canada and the territorial waters thereof, but are not serving overseas in the sense that they are not serving under the administrative control and direction of Canadian military headquarters in Great Britain but are serving under the administrative control and direction of national defence headquarters, Ottawa.

2. Canadian army routine order 3456, appearing as an appendix to *Hansard,* dated 20th March, 1944, which deals with farm leave, does not apply to army personnel serving in Newfoundland. They are, however, eligible to be considered by national defence headquarters for the grant of compassionate leave on the same basis and subject to the same considerations as apply to the grant of such leave in the case of army personnel serving under the administrative control and direction of Canadian military headquarters in Great Britain.

QUESTIONS PASSED AS ORDERS FOR RETURNS

R.C.A.F.—USE OF LAKE ERIE FISHING GROUNDS FOR BOMBING AND GUNNERY PRACTICE

Mr. CORMAN:

1. How many fishermen lost all or part of their fishing grounds on lake Erie to the Royal Canadian Air Force for the use of bombing and gunnery practice?

2. What compensation was paid each pound net fisherman per year?

3. What compensation was paid each gill net fisherman per year?

DOLLAR-A-YEAR MEN

Mr. KNOWLES:

1. How many one-dollar-a-year men have been employed by the government, or any department thereof, subsequent to the information contained in sessional paper No. 139, dated January 28, 1944?

2. What are their names, addresses, and qualifications, and on what date was each appointed?

3. With what firm or company was each of the above employed before entering the service of the government?

4. Which of the above are still employed by the said firms or companies?

5. Which of the above are still on the payrolls, or are directors, of the said firms or companies?

6. Have any of the above firms or companies received contracts from the government since the outbreak of the present war, apart from the information contained in sessional paper No. 139, as noted above?

7. If so, on what date or dates, and for what amount or amounts, in each case?

SYDNEY FOUNDRY AND MACHINE COMPANY

Mr. GILLIS:

1. Who are the owners of the Rhodes Curry wharf at Sydney, Nova Scotia?

2. Has the Sydney Engineering and Drydock Company the right to refuse any other company the right to use this wharf in necessary war work?

3. How much money was paid the Sydney Foundry and Machine Company for refits for the corvettes *Regina* and *New Westminster,* in 1943?

4. Was the corvette *New Westminster,* tied up from May 3, to October 1, 1943, at the Sydney Foundry and Machine Company's plant? If so, for what reason?

5. What is the total value of capital assistance, equipment, grants or subsidies, given the Sydney Foundry and Machine Company or the Sydney Engineering and Drydock, during the years 1940, 1941, 1942, 1943, and to June 15, 1944?

MOTIONS FOR PAPERS

MONTREAL CUSTOMS AND EXCISE—BRUNO FORCIER

Mr. FONTAINE:

For a copy of all telegrams, letters, correspondence and other documents exchanged since January 1, 1943, between all persons and the Department of National Revenue regarding transfer of Mr. Bruno Forcier, customs and excise employee at Montreal, to the customs and excise office at St. Hyacinthe.

Mr. GIBSON: Mr. Speaker, this motion has been on the order paper since April 27. I understand that each time motions for papers have come up in the house the hon. member has been absent. I have no objection to its passing if someone would move it on his behalf.

Motion agreed to.

MONTAUBAN, QUEBEC, ZINC-LEAD MINE

Mr. GAUTHIER:

For a copy of all correspondence, letters and telegrams exchanged between the Department of Munitions and Supply, the Wartime Metal Corporation and the Siscoe Metal Limited, pertaining to the opening, operation and closing of the Montauban zinc-lead mine, in the county of Portneuf, a mine formerly operated by the British Metal Corporation and the property of Tetrault Mines.

Mr. CHEVRIER: Return tabled.

FRENCH-CANADIAN APPOINTMENTS TO BOARDS, ETC.

Mr. RAYMOND:

For a copy of all telegrams, letters, correspondence or other documents exchanged between the premier of the province of Quebec, Mr. Adélard Godbout, and the dominion government, or any member of the dominion government, since the month of November, 1939, to the effect that French Canadians have been unfairly treated in the creation of, and the appointment of members to, the various dominion boards, commissions and organizations.

PENSIONS AND HEALTH—NEUROLOGICAL HOSPITALS OR INSTITUTES

Mr. BRUCE:

For a statement from the Department of Pensions and National Health showing the neurological hospitals or institutes in Canada, together with a copy of correspondence from the authorities controlling these institutions, addressed to the government or any minister or official of the government, regarding the need for additions or extensions to such neurological hospitals or institutes; also a statement showing the number and location of other hospitals where surgical treatment of neurological cases is carried out; also the number of neurological surgeons in Canada who confine their practice to neurological surgery.

BRITISH COLUMBIA STRAWBERRY AND RASPBERRY CROPS

Mr. CRUICKSHANK:

For a copy of all letters, telegrams, protests and other documents in the possession of the department, regarding the disposal and processing of the 1943 strawberry and raspberry crops in British Columbia, and concerning administrator's orders A-794 and A-1200.

LABOUR CONDITIONS—CARPENTERS AND JOINERS, WINNIPEG—CANADA PACKERS

Mr. KNOWLES:

For a copy of all records of proceedings and records of decisions, dated since April 20, 1944, with reference to the appeal of the United Brotherhood of Carpenters and Joiners of America, Winnipeg local union No. 343, from the action of the national selective service office, at Winnipeg, in directing one or more members of said union to accept employment with Canada Packers Limited, of St. Boniface, Manitoba, at a wage rate of 54½ cents per hour. Also for a

copy of all communications and memoranda, to and from the Minister of Labour, dated since the hearing of the above appeal, with reference to the implementing of any recommendation respecting the payment of supplementary allowances to the aforesaid union members; also for a copy of any orders in council relating thereto.

UNEMPLOYMENT INSURANCE COMMISSION—PROVINCE OF QUEBEC

Mr. COTE:

For a copy of all correspondence, letters, telegrams, petitions and other documents exchanged between the dominion government and any person or persons, organizations or societies, or between the dominion government and the government of the province of Quebec, concerning the establishment of a district office of the unemployment insurance commission in the city of Quebec and any municipality other than Montreal within the province of Quebec.

NATIONAL WAR SERVICES REGULATIONS

Mr. POULIOT:

For a copy of each one of the amendments to the national war services regulations.

MOBILIZATION ACT—REGULATIONS

Mr. POULIOT:

For a copy of all amendments to the mobilization regulations, (a) of the Department of Labour, and (b) of the Department of National Defence.

INTER-AMERICAN DEVELOPMENT

INQUIRY AS TO RECENT MEETING OF COMMISSION IN NEW YORK

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I understand that at the recent conference in New York of the Inter-American Development commission a resolution was adopted favouring the organization in Canada of a similar commission. I should like to know if Canada was represented at this conference officially or unofficially; if so, by whom, and also whether any report has been made by such government representative. I should like to ask also whether the government is in a position to indicate its policy with respect to the organization of such a commission in the dominion.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Canada was represented at the recent conference of the Inter-American Development commission by Mr. H. D. Scully, who is our consul general in New York. Mr. Scully was present as an observer. At the conference a resolution was passed suggesting that a similar commission be established in Canada, but thus far the invitation to establish such a commission has not been received. Until it is received and the implications examined I think it would be well not to make any statement of policy.

CONFERENCE WITH PROVINCES

INQUIRY AS TO PROGRESS IN MAKING ARRANGEMENTS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): What progress has been made since the Prime Minister's return from London with respect to arrangements for the dominion-provincial conference, and is the Prime Minister in a position to give any indication as to the date of the conference?

Right Hon. W. L. MACKENZIE KING (Prime Minister): As my hon. friend knows, in preparation for a conference of this kind a great deal of data has to be assembled, particularly on financial matters. I understand that considerable progress has been made in that connection, and in the gathering of information that would be useful to those present when the conference meets. The question of meeting the convenience of all the provinces as to the exact date of the meeting is one that presents difficulties, though not insuperable ones. At the moment I am unable to say when the conference will meet, but every effort will be made to have it assemble just as soon as all the provinces have indicated when they will be in a position to attend.

THE WAR

INVASION OF WESTERN EUROPE—CASUALTIES

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Is the Minister of National Defence in a position to make any statement with regard to the extent of the casualties that have been suffered by the Canadian forces in the campaign in France?

Hon. J. L. RALSTON (Minister of National Defence): As my hon. friend will understand, I am not in a position to make any statement, to the extent of giving numbers or anything of that kind. I think the most I can say, in view of the messages which have been received, is that our losses are moderate, and that is particularly so when all the factors entering into operations of this magnitude are considered.

I believe it was the hon. member for Macleod (Mr. Hansell) who asked me the other night whether or not casualty lists would be furnished to members. Arrangements have been made to see to it that members will receive those casualty lists, and it is my hope

that they will receive them at about the same time as the lists are given to the press. This would be a complete list periodically of army casualties.

FRANCE

GOVERNMENT OF LIBERATED AREAS—RELATIONS WITH GENERAL DE GAULLE

On the orders of the day:

Mr. S. H. KNOWLES (Winnipeg North Centre): Mr. Speaker, I should like to ask a question of the Prime Minister. He will understand, from the nature of the notice I sent him, that I am seeking information which I believe would be of interest to the house and country. Is he in a position to make a statement as to arrangements made for the government of liberated areas of France, including any information as to relations between the allied military authorities and General de Gaulle?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I may say that I know these matters have been the subject of consideration between Mr. Churchill, General de Gaulle and the President of the United States, but I am not in a position at the moment to make any statement as to the present position.

DOMINION ELECTIONS

MEASURE TO ENABLE WAR SERVICE PERSONNEL TO VOTE IN GENERAL ELECTION

The house resumed from Friday, June 9, consideration in committee of Bill No. 135, to provide regulations enabling Canadian war service electors to exercise their franchise, and Canadian prisoners of war to vote by proxy, at any general election held during the present war, also to provide amendments to the Dominion Elections Act, 1938, which are consequential to such regulations, or have become necessary by the advent of the said war—Mr. McLarty—Mr. Bradette in the chair.

On schedule A, section 35—War service elector voting as civilian.

Hon. N. A. McLARTY (Secretary of State): Mr. Chairman, it will be recalled that all other sections of both schedules were passed on Friday night. This was allowed to stand at the request of the leader of the opposition. The hon. member expressed apprehension that there might be a considerable number of men on furlough or on leave, and that if wider facilities could be given to enable them to vote, even though they might be some distance away from their ordinary voting places, it should be done.

I know it was the intention of the special committee which considered these regulations not to put any stumbling block in the way of those on leave or on furlough, exercising their franchise, and it was the committee's intention that they should vote in the most convenient manner. Over the week-end consideration has been given to the suggestion made. It must be remembered that the special committee broadened this regulation as widely as it thought possible, and there has been no suggestion of any attempt to curtail the right to vote of any war service elector. However, the chief electoral officer has given the matter consideration, and it is our belief that, without unduly complicating the machinery, through a slight amendment we can broaden it. Whereas under present circumstances a man in the army, the navy or the air force who is on furlough must report to the polling division of the particular branch of the armed services in which he serves, the schedule can be broadened so as to make it permissible for such member of the forces to vote before the election officer of any of the services, irrespective of the particular branch in which he serves. This change can be effected by striking out the words "of the same force" where they appear in line 44 of section 35 in the schedule, and inserting after the word "electors" in line 45 the words "by the commanding officer of a Canadian naval, military or air unit." I am advised by the chief electoral officer that this is about as broad as the provision can be made, if it is to remain practicable and workable. I believe in this we have gone some distance to meet the wishes of the leader of the opposition. To go further would make the provision impracticable.

Mr. MacKINNON (Edmonton West): I move:

That section 35 of schedule A be amended by deleting the words "of the same force" in line 44 thereof, and by inserting after the word "electors" in line 45 the following words, "by the Commanding Officer of a Canadian Naval, Military or Air Unit."

Mr. GRAYDON: Hon. members will realize that this amendment is the result of discussion which took place in committee on Friday night. It appeared to some of us that men who were on furlough for any extended length of time, during an election campaign, might be discriminated against because of their being at distant points, and their not being able to reach the places designated by the act as being the proper places at which to vote. I believe finally the matter came down to a consideration of those under twenty-one years of age who, by reason of the war services voting regulations, would have the right to vote.

Those over twenty-one years were, of course, covered by the general civilian provisions permitting their being sworn in in rural areas. I believe it may be said properly that the only possibility of inconvenience would be in rural polling divisions, because at urban points the possibilities of service voters obtaining their right to exercise their franchise conveniently would be greater. Therefore the discussion dwindled down to a consideration of those under twenty-one years of age in rural areas. The difficulty is one of covering only a small group so as to avoid discrimination against those in rural areas.

Although I realize that there is still a possibility of some discrimination and inconvenience, at the same time I believe the suggested amendment will meet the situation, and should reduce to a minimum any possible inconvenience to service voters on furlough. No matter where a man may be, there is apt to be a camp of one of the armed services nearby where a polling booth would be within his reach. Previously that might not have been the case, and great hardship would have been worked upon some who desired to exercise their franchise and who were under the civilian age limit for voting. So far as I am concerned the amendment is satisfactory, although in some instances inconvenience may be suffered. However, I cannot see how it can be opened any wider without causing difficulties of a practical nature.

Mr. ROSS (Souris): I supported the leader of the opposition the other night when he raised objection to section 35. In my province there are three adjoining rural ridings in which there are no training centres of either of the armed services. Am I right in supposing that any soldier at home on leave would go to the nearest training centre of any one of the armed services in order to poll his vote?

Mr. McLARTY: That is right.

Mr. MacNICOL: On Friday night I listened carefully to the leader of the opposition state his case. As I remember, he raised the question of a soldier on furlough or on leave under twenty-one years of age who might be in the village of Palgrave, for instance, in the northern end of Peel. That man would have to go to some camp, such as the exhibition grounds at Toronto or a camp at Hamilton or elsewhere. I cannot see where this proposed amendment is going to improve the situation. I do not know whether it can be improved, but I do not see that we are going to improve it by taking out the words "of the same force" and substituting "or the commanding officer" and so on. Will the minister explain just how this proposed amendment will meet the situation suggested on Friday night by the leader of the opposition? If it does not, we may as well leave the section as it is.

Mr. McLARTY: As I have suggested, no matter how willing this committee may be and no matter how willing the special committee was, we cannot avoid some inconvenience. Prior to this amendment any man in the army would have had to go to army voting quarters; a man in the navy would have had to go to navy voting quarters, and an air force man would have had to go to the air force. The purpose of this amendment is to permit a man to go to any one of these.

I might point out further, as was suggested the other night by the hon. member for Vancouver North, that there are twelve days for polling available to a war service elector. You can only carry the matter to the point where you have done everything that it is practicable to do to meet the situation. If this does not meet it, I must say it is hopeless to think that any measure could be adopted to meet it unless you make the 32,000 returning and deputy returning officers throughout Canada special returning officers in order to do it. There may be some inconvenience, but in the very nature of things the war service electors will generally be in concentrated areas, and this amendment is simply to meet the exception, namely, the man on leave or on furlough or the man under twenty-one years of age. I suggest that this is all that we can safely do.

Mr. GRAYDON: Perhaps I might just interject a word to satisfy the hon. member for Davenport who is showing such solicitude for the people in my riding, for which I am extremely thankful. The situation in that particular area is this. Previously a man would have had to go to Toronto, and some of our people may not want to go to Toronto. But now, if he is an army man, instead of having to go to the exhibition grounds in Toronto to record his vote he can go to the air observers' school at Malton, which is not more than half way.

Mr. SINCLAIR: The average leave is only two weeks, and, with the twelve days provided by the bill, a man would be back at camp in time to poll his vote. This will apply only to men who have been repatriated from overseas or who are on one month's leave, men who are away out in the country far from any service polling station. I doubt whether there will be a hundred men affected by this.

Mr. ROSS (Souris): That all depends upon what time of year the election takes place.

Mr. FAIR: I was a member of the special committee set up to deal with the elections act amendment, and I feel satisfied that when we presented the report to the house everything possible had been done that could be done. As has been suggested by the hon. member for Vancouver North, these service men and women are allowed twelve days before election day in which to vote, and very little inconvenience would be caused. While I am glad this amendment has been made to broaden the provisions, I do feel that we did a pretty good job in the special committee.

Mr. ROSS (Souris): In view of the remarks of the hon. member for Vancouver North I should like to repeat what I said. There is a block of three rural constituencies in southern Manitoba where there are no training camps. Should the election be held during harvest time when many men are home on harvest leave, it will mean that they will have to get together and drive to either Brandon or Winnipeg in order to poll their votes.

Mr. SINCLAIR: The election will not be held in harvest time.

Mr. ROSS (Souris): I do not know a thing about that.

An hon. MEMBER: How far is that?

Mr. ROSS (Souris): These constituencies are all in southern Manitoba, and the men would have to go to either Brandon or Winnipeg.

Mr. CRUICKSHANK: How far?

Mr. ROSS (Souris): Some of them would have to drive 150 miles.

Mr. CRUICKSHANK: People drive 500 miles to vote for me.

Mr. ROSS (Souris): They probably will for me, but I am thinking of the other fellows.

Amendment agreed to.

Section as amended agreed to.

Bill reported.

SURPLUS CROWN ASSETS

PROVISION FOR CORPORATION AND ADVISORY COMMITTEE

Hon. C. D. HOWE (Minister of Munitions and Supply) moved the second reading of bill No. 137, respecting surplus crown assets.

Hon. R. B. HANSON (York-Sunbury): Mr. Speaker, this is a very important measure and one which I think deserves a substantial amount of consideration before it receives second reading. I regret I was unable to be here late last week when the minister introduced the measure. I am not as familiar with the subject matter as possibly I ought to be, but I am aware of the immensity of the problem that confronts the government and the nation in respect to the disposition of surplus crown assets. Some six months ago or so announcement was made of the establishment, by order in council, I assume, of a body termed the Crown Assets Allocation committee, and of the setting up by letters patent of a corporation charged with the responsibility of the disposition of these surplus assets. If that structure was already established by order in council with respect to the committee, and by letters patent with respect to the crown corporation, under I believe identical nomenclature, why was it necessary to come to parliament for legislation to do the same thing?—unless it be that the powers conferred by order in council in the case of the committee and by letters patent in the case of the corporation were not in the opinion of the government wide enough to take care of the situation.

Has the minister taken the house and the country fully into his confidence as to the immensity of the task, measured in terms of dollars and cents, which is before the corporation in the disposition of these goods? Has he told us why it has become so large as to be measured in terms of what I believe to be hundreds of millions of dollars—

An hon. MEMBER: Billions.

Mr. HANSON (York-Sunbury): Then I suggest to him and the country that there has been default on the part of the crown in over-purchasing, in over-building and in over-supplying.

My understanding of the purpose of the Department of Munitions and Supply was that it was to be the one channel through which all requisitions for supplies from any of the spending departments were to be filled. I think that that principle is a sound one. It would never do to have government departments competing with each other for the purchase of similar classes of goods, or different classes of goods for that matter. Therefore I approved the principle of having one department set up to be responsible for the purchase of all supplies required for the great national effort of the country. There would be, I thought, coordination under that system, and there was a prospect, I hoped, of getting value for the money expended. But the weakness of the system as it developed was that the Department of Munitions and Supply has never had anything to say, or at

least never assumed any jurisdiction, as to whether or not a given quantity of this, that and the other thing was actually required. I believe that is borne out by the position which now confronts the minister, when he finds that he has on hand, not hundreds of millions of dollars' worth of goods, as I suggested, but, as I heard interjected, billions of dollars of surplus assets.

It must be remembered that all these goods have been purchased with funds obtained from two sources, either from heavy taxation imposed on the people of Canada, or from the heavy loans, amounting to six and a half billion dollars, which the Canadian people have contributed to finance the war effort of the nation. If it is now revealed that there are surplus assets which are not required to the tune of billions of dollars, then someone is in default.

An hon. MEMBER: Not at all.

Mr. HANSON (York-Sunbury): I am not setting up a straw man. I am proceeding on the basis of what I understand to be the facts. I may be exaggerating when I say billions of dollars, because I can scarcely bring myself to believe that there are surplus assets to that amount.

An hon. MEMBER: Large capital expenditures.

Mr. HANSON (York-Sunbury): Capital expenditures are in an entirely different category. I have never complained of the expenditure of large sums of money by way of capital expenditure for the building of war plants, because we did not have the plants and they had to be established if there was to be production. The only complaint I ever made in that regard, and the minister I am sure will bear me out, was as to the allocation of some of the plants. We in the eastern part of Canada and in other parts have been denied them. But that is water over the dam. That is not the immediate subject of investigation. Apparently this thing got out of hand to the extent of hundreds of millions of dollars. The minister ought to give a full and frank explanation of the why and wherefore of that. I have heard that there were astonishing surpluses of some things. One day I happened to mention here in the house to the Minister of National Defence that I had heard of a surplus of 300,000 greatcoats. He questioned that severely, but he never gave me the figures of what the surplus was.

Mr. RALSTON: There was no surplus at all. There are in the army about 450,000 men, which makes it less than one additional greatcoat for each man in the army.

[Mr. R. B. Hanson.]

Mr. HANSON (York-Sunbury): The minister admits that there was on hand a supply—

Mr. RALSTON: A supply, but that is quite different from a surplus.

Mr. HANSON (York-Sunbury): —of 300,000 greatcoats—and how many more? I have heard that there was on hand a surplus—I am going to call it that—of literally thousands of dozens of tooth brushes, which we should know something about. Before this bill gets its second reading, and certainly if the minister cannot do it then he should do it when the bill comes into committee, the house and the country is entitled to have from the minister a detailed accounting to enable the public to determine whether value has been obtained for the money expended in days gone by.

We have had this question up before the house on more than one occasion, and the minister told us with a good deal of pride of what had been accomplished in the way of production. I think he is entitled to some degree of pride in the production of this country, and I am going to give him that credit. But he has never told us about the headaches which they have suffered in that department of his and of the losses that have been sustained—I shall not say by any improper intent, because I do not mean that at all, but by lack of foresight, by lack of coordinating ability to determine what actually should have been done in a given case. There must have been many of these cases. I referred on a previous occasion to one of them. I am not going to refer to others that have come to my attention. But I do think that the minister ought to give us some information with respect to the huge volumes of money that have been spent in connection with these war expenditures and should indicate whether the country has got value for them or not.

Having read this bill, I have come to the conclusion that there must have been something in the order in council setting up the allocations committee, and in the letters patent creating the corporation, which was set up months ago and is now to be superseded by the corporation established by this bill—I come to the conclusion, I say, that there must have been something lacking, or something which in the opinion of the minister and his advisers ought to be in this bill. I find on reading the bill that this corporation and this committee is merely an instrument of the minister himself, that he is a dictator under this bill. There is nothing that this committee can do, or refrain from doing, there is nothing that this corporation can do or refrain

from doing, unless it has the imprimatur of the minister. That constitutes him the sovereign controller over the allocations committee and the corporation. Why was there any necessity at all for a committee?

Certainly we are not given much information with respect to this bill in the explanatory note which will be found opposite page 1. The bill starts out by saying that the several clauses contained in it are self-explanatory. I deny that statement. Of course, that is very general. The bill proposes, according to this note, to confer authority upon the corporation to be established thereunder, to sell, exchange or otherwise dispose of, hold, manage, recondition or otherwise deal with surplus crown assets and—this is the kernel, the reason for the bill—to confer certain powers upon the Minister of Munitions and Supply and the governor in council in relation thereto, including the power to establish an advisory committee.

Why the necessity of this crown corporation and advisory committee? The corporation is to be headed by Mr. Carswell, of whom everybody speaks well. I have not heard any criticism at all. The general manager of the company is a man who is well known, a man of managerial ability, who is being lent to or drafted into the organization, and who has had experience in merchandising and so forth. There is no criticism at all. A board of directors has been submitted, I believe, and approved by the ministry, the names of some of whom are well known to me and to most Canadians, and some of whom are perhaps not so very well known. I offer no criticism of the personnel of the corporation. If left alone I think they will do pretty good work. But what I am afraid of is that with the pressure, the political pressure—I might as well say at once what is in my mind—which is bound to be exerted on the minister just in the forefront of an election, this corporation will not be free from the pressure of the minister. Why is it necessary to have an allocations committee at all, unless it be for the mere purposes of assembling the information from the different departments? I can understand that that would be a profitable service and perhaps one which ought to be rendered.

I have grave fears about the working out of this committee, and I wish to devote a few minutes' attention to that. It is all related to the problem of the transition period between war-time industrial production and peace-time needs.

Certain broad principles ought to be laid down here by those in authority and be the subject of discussion, and be not only a guide to this corporation as to what they shall do with these surplus assets, but, may I suggest, and very properly so, a guide to private industry and as a method of control over this government agency.

The first thing I suggest to the minister is this, that through the agency of the committee, or by whatever other agency may be established, there should be an early inventory of accumulated stocks of materials. We ought to know exactly where we stand. The country should know—and there should not be anything secret about it—what are the accumulated surplus stocks of material on hand and what they cost.

There should be laid down as a second principle in relation to war-time production the reduction of production where all danger of shortage is past. We in this house do not know what the situation is, but I suggest to the minister, with respect, that he ought to provide parliament with a statement as to whether there is now any longer any danger of shortage.

The third principle I suggest is the cancellation or reduction of war contracts where it is evident that supply is ahead of anticipated demand and—this is for the benefit of the Minister of Labour (Mr. Mitchell)—the diversion of man-power to industries where there is still pressing demand.

I see the minister has announced over the radio and in the press that there is to be a searching inquiry into the man-power situation, which has now reached an acute stage, and I can well understand that. But—this is by way of digression—he omitted in his statement to take into consideration the thousands of draft-dodgers in this country.

Mr. MITCHELL: There are not thousands of draft-dodgers in this country.

Mr. HANSON (York-Sunbury): There are draft-dodgers by the thousand in this country, and I will give an instance of this. I am coming to it and if he wants details I will give them to him privately.

Mr. SPEAKER: Order. May I call the hon. member's attention to the fact, as to the relevancy of the argument—

Mr. HANSON (York-Sunbury): It is only a sentence or two, but if Your Honour thinks I am out of order I will not pursue it. I will give it privately to the minister. What I have in mind in dealing with this question of man-power, which is relevant—

Mr. MITCHELL: If my hon. friend does not know, he should know that there are not thousands of draft-dodgers in this country.

Mr. HANSON (York-Sunbury): There is a lost legion, and I can tell the minister where some of them are.

Mr. MITCHELL: There is not a lost legion, either.

Mr. HANSON (York-Sunbury): Mr. Speaker has ruled me out of order, and I do not want to pursue that.

Mr. MITCHELL: You are not only out of order; you are wrong.

Mr. HANSON (York-Sunbury): You are out of order in the first place, and in the second place I am not wrong. You are like the Bourbons; you neither learn anything nor forget anything. You are always right when you are wrong.

Mr. SPEAKER: Order.

Mr. HANSON (York-Sunbury): I should address the Chair. I apologize to the Chair, but the minister provoked that. I will return to the thesis I was trying to advance in a constructive way.

This question of man-power is important. There should be, and I believe there will be, if Mr. Carswell and his general manager are left alone, a definite policy for handling surplus materials. I am glad to hear the announcement that a convention has been arranged between the two adjoining countries so that there will not be any dumping, one with the other. That is important and I congratulate the minister upon having made that arrangement. But what I am endeavouring to draw his attention to is this. The greatest care should be taken in the disposal of certain of those surplus assets—I refer particularly to tools, machines and the like—so that small plants shall not be crowded out of the picture for the benefit of the large plants. From time to time the Canadian people have allowed a great centralization of industry to grow up, and I believe it is not to the benefit of the body politic that that should have occurred. It has occurred to a much greater degree in the United States than here.

I remember travelling many times through the New England states. I have seen, and I am sure the Minister of Munitions and Supply has seen, because he comes from New England, the situation there. The three northeastern states, Maine, New Hampshire and Vermont, have been practically at a standstill because of the withdrawal from the confines of those states of small industries into the great industrial development of New England. They have been the hinterland of New England in the development of concentrated industry in the states of Massachusetts, Rhode Island, Connecticut and elsewhere. That has not contributed to the development of those three states, and the same thing is true in Canada. I realize, of course, as every thinking man or woman in this country must realize, why it has been so in Canada. Geography has to a large extent been the cause of the centralization of industry in Canada, and it may go on, but an honest attempt at decentralization ought to be made.

One of the things the minister can do—and I offer this to him with the best of good will as a constructive suggestion—is that in the disposition of machinery, in the distribution of equipment in government-owned factories, care should be taken to see that the small economic unit which will be on the market for new tooling and new machines is given an opportunity to buy some of this material. This must be done if they are to survive. Nearly every small industrial unit in this country will have to retool after the war because their machines are worn out after a long period of use without replacement. Then there is the question of obsolescence and the like. I do beseech the minister and his company to see to it that the small plants are not crowded out by the big baron with the ready money who will be able to outbid the other fellow.

Of course it is axiomatic—and I need only mention this general principle to the minister because I believe he is as fully seized of it as I can possibly be, and perhaps more so, since he has had a wider degree of business experience than I have had—that the disposition of surpluses should be made in such a manner and over such a period as to cause the minimum of disturbance to the normal market. If there is anything like a tendency to throw stocks on the market beyond the power of the market to absorb them, there is bound to be great disturbance to the normal business of the country.

The next principle that I suggest to the minister—and it has to do with something that is very near to government policy—is that stocks of materials should be utilized in such a manner as to reduce the danger of inflation. They should not be sold too readily. This principle ought to envisage a wide and equitable system of distribution of materials which have been definitely short for consumer goods because of war priorities. Above all, any attempt to corner the market by huge purchases of goods released from war uses should be prevented. Just imagine what might happen if one of the huge departmental stores in this country could go out and make a bid for one entire class or type of goods

that the government have on hand. They would have the market for that class of goods. It should be prevented at all costs.

I am putting my next statement in the form of an interrogatory to the minister. What have the government and the Department of Munitions and Supply done to keep a check on these goods? Has there been integrated throughout in the rapid development of the department and the multiplicity of requisitions that have come from the three war service departments any system of inventory control so that they would know what was on hand at any given time? Has there been any compulsory reporting of supplies on hand from time to time? Is there any danger—I mention this without the idea of making any assertion with regard to it, because I do not know—of the existence of suppressed or hidden surpluses that nobody knows anything about? This has become so huge that it is quite possible there may be large hidden surpluses that the public does not know about. The allocation committee or the corporation itself should make a widespread and intelligent survey of the demand for materials for consumer goods, and wherever possible, owing to the shortage of consumer goods in Canada—I hear it spoken of everywhere I go—there should be an immediate diversion of surplus war stocks to civilian uses. We should not wait until the war is ended, when an unfavourable condition might be created. Of course if the war goes on for any appreciable length of time it is always possible, I suggest, to cancel all such diversions to consumer goods which may be required and return production to war needs.

Above everything else I warn the minister and his set-up—I am using the word "set-up" in no improper or derogatory sense—against sales to promoters or speculators. The minister will find the thrifty, the wide-awake man who will care more about making money than winning the war, ready to purchase these goods, and having in mind the scavengers in this country who are always looking for this sort of thing, he will find the man who will be out to buy these stocks on a speculative basis or promotion schemes. Sales should be made only to those who require such materials as are available or those who are creating plants to use them.

I wish to make another suggestion to the government. All this surplus war material was paid for out of the war appropriation funds. It has mostly, if not all, been added to the debt of the country. The net proceeds of all sales should be used to reduce the national debt. It should not go into current revenue. Any other method of allocating the funds to be derived from this source would be shocking to me. To say that we will take the money that is derived from the borrowings made from the public and put them into the consolidated revenue fund, or make any other disposition of them save and except the reduction of debt, would not be prudent, would not be sound fiscal policy.

If I have time I should like to say a word or two about these war plants. Some have been closed down and reopened. To me that was significant, because it indicated at all events that the war was not quite over as some people seemed to imagine. I am glad that those plants were available for reopening and that they will supply the necessary munitions, let us say, to turn the scale in the last stages of the war.

A day is coming when these war plants will not be required for production purposes in the interests of the government. Of course many of those war plants are ephemeral in their nature; some, I hope, are substantial. Some I should think could be converted to peace-time pursuits. I do suggest to the minister that all these plants are not mere scrap, and any who get that idea into their heads should be disillusioned. These plants cost a great deal of money. They ought to be of great value, particularly their equipment, and they should not be sold at ridiculously low prices. They should be disposed of so that they may perform a useful purpose. I suggest, too, that careful consideration be given by the minister, in making sales of war plants, to the question whether they are adapted to conversion into peace-time industrial plants. There should be some planning in that connection on the part of the administration.

I do not desire to pursue this line of thought any further; I have given the minister some of the ideas that are running through my mind. I hope they may be of a constructive character, and that he will give consideration to them. At the risk, perhaps, of being misunderstood by some hon. members of this house I do suggest that there must be large quantities of surplus goods which would be of inestimable value to some of the occupied countries of Europe in the days that are to come. These goods have been paid for, and these people are destitute. There are those who lack food, clothing and other things. Canada has done much with respect to helping Britain. Canada now is doing something for parts of destitute Europe, and I think consideration might be given to the diversion of some of our surplus supplies from what might be glutted markets to lands overseas where there is to-day a crying need. In that connection the greatest care should be taken to see that these goods are not exploited by any

international speculators. Let us take canned goods as an illustration. No doubt large reserve stocks have been built up for the armed services. Canned goods are in very short supply for ordinary consumers; I was at home over the week-end and that fact was brought forcibly to my attention. I suggest that strict control ought to be maintained over these reserve stocks of canned goods so that they may be fed out to the consuming public and not to those who would make a profit by large purchases at small prices. They ought not to be thrown on the market in large quantities, which would bring about the ruin of that portion of the agricultural population of this country which produces these commodities. There are very many pressing civilian needs to-day. Some of them can be met by wise operation on the part of this corporation, to which, as far as I am concerned, I would be prepared to give very substantial authority.

There is one point, however, I should like the minister to justify in connection with these two bodies he is setting up. Why are they subjected to such strict ministerial control? If these men are worthy; if they are good business men; if they are given some guiding principles, then they ought to have freedom from ministerial control and authority which might very quickly degenerate, and I think hon. members will know what I mean. I dislike to see such dictatorial powers as are given in this bill conferred upon any minister in connection with a peace-time activity. It is a delegation of authority we are making here to-day. The minister keeps all this authority in his own hands, and I think he ought to justify that position before this house. Then I believe he ought to tell us in some degree of detail the quantum of surplus goods they have on hand, their nature, variety and kind, and why such a tremendously substantial reserve, in terms of dollars and cents, has been built up. We ought to be assured that the money of the Canadian public has been wisely spent and not wasted, and that there will not be substantial loss. My fear is that because of over-purchases and because of what I believe to be a lack of jurisdiction on the part of the Department of Munitions and Supply to restrict quantities in the requisitions which it receives, there may be the possibility of some loss. It was like the old wartime information board when Mr. Lash was here. Information was fed in to him from a dozen or more departments, but he had no jurisdiction to edit any of it. That was a most unsatisfactory position for a trained publicist like Mr. Lash; he had no jurisdiction. Whether or not this department had the jurisdiction, and I do not think it had, it did not exercise any by cutting down requisitions for what might appear to be inordinately large quantities of supplies. The minister should explain the position to the house before we accept this bill.

Mr. S. H. KNOWLES (Winnipeg North Centre): In listening to the opening remarks of the hon. member for York-Sunbury (Mr. Hanson) I could not help but think what fun it must be to be a cabinet minister. A few months ago, when the Minister of Munitions and Supply (Mr. Howe) set up the War Assets Allocation Committee and War Assets Corporation Limited by order in council, he was roundly condemned by the opposition for proceeding in that way. The opposition said it should have been done by legislation and rightly so. Now, when the minister decides to supersede that action by order in council by bringing in a bill, doing this very thing by legislation, he is again condemned by the opposition.

Mr. HANSON (York-Sunbury): That is our privilege, is it not?

Mr. KNOWLES: It is not only our privilege; I think it is a good thing the minister has yielded to the criticism of the opposition on this point and has brought in this legislation so that it can be discussed in the house. But on that point I offer him my congratulations.

With regard to the argument the previous speaker sought to make in criticizing the bill because it placed too much authority in the hands of the minister, I want to say that this is a feature I welcome in the bill. I may be critical of the Minister of Munitions and Supply on many occasions; I may be critical of the government of the day, but I am much more anxious to see the democratically elected government which represents the people of this country control our economic affairs than to have control of those affairs improperly delegated to private business men outside this house and outside the government. So I say that on that point, too, I congratulate the minister; because it seems to me that what he has written into the bill is not some dictatorial powers for himself, but simply the principle of responsible government with respect to our economic affairs.

Having said this, Mr. Speaker, let me turn to the other side of the picture and express some of the criticisms I should like to offer. I confess that those criticisms are directed not so much against the bill as against the policies that I fear may be carried out by the government under its terms. The other evening I was sitting in my office studying this bill, and

had decided that of itself it was pretty much to the good. For a little diversion I turned on the small radio set I have in my room and, lo and behold, there came over it a familiar voice. It required only a moment to recognize the voice of my good friend the Minister of Munitions and Supply speaking from Port Arthur. I had been studying his bill, and thinking of all the good things the minister had done for the war effort following the principle of public ownership; then I had to listen to his voice telling me over the radio that after the war is over that principle must be discarded—

Mr. MacNICOL: And in that he is absolutely sound.

Mr. KNOWLES: —and full control given back to private enterprise. An hon. member to my right says, "Hear, hear." But I am sorry the Minister of Munitions and Supply is not prepared in peace time to stick to the principle he has found so necessary to meet the demands of war.

There are two or three points in the bill I would question. Perhaps it would be more appropriate if I were to wait until we reach the committee stage, later in the day, to make those observations. In general there can be no question as to the necessity for setting up some machinery to handle surplus war assets, which inevitably have been accumulated. I do not share the alarm of the previous speaker as to the quantity of supplies on hand. After all, these supplies had to be produced and made available if we were to carry on an all-out war effort. I imagine it is also true that a large portion of the huge figure to which the minister referred the other night would constitute plant and equipment financed by the government. When one realizes that there are huge surpluses valued at perhaps three or four billions of dollars, as stated by the minister last Thursday night, it is obvious that some machinery must be set up to handle them. That in itself is just occasion for parliament's passing such a bill as the one now before the house. The question in my mind however, is as to what policy the government is going to pursue under this measure when it becomes law. Is it to be the first concern of the government to protect the kind of economic system we had before the war, one which gave us the sad story of the thirties; or is the government going to realize that the demands of peace are just as compelling as have been the needs of war? In the house, and throughout the country, that is the basic post-war issue.

I view under two headings the disposal of surplus assets. First of all there is a quantity of movable goods, such as automobiles, clothing and other supplies. Secondly there is the matter of war plants, and crown properties such as the Polymer Corporation Limited and Research Enterprises Limited. In the same category there are certain aircraft factories, and there are many places where the government has part ownership of plants. That applies in respect of some aircraft establishments, and I believe applies also to the plant in Montreal which is to produce penicillin.

It seems to me that the disposal of the movable goods which will be surplus at the end of the war should be dovetailed into a national plan for the maximum production of peacetime goods. I feel that plants such as those to which I have referred, and some others, should be retained and operated by the government as part of a comprehensive national plan for the provision of full and useful employment and a maximum standard of living for our people. In other words, if I may repeat what I said a moment ago, we in this group feel that once the war is over, the needs of our hard-won peace must be faced with the same determination with which the country has faced the demands of war.

I know there are many in the house who insist that private enterprise can do that. When the Minister of Munitions and Supply spoke over the radio the other night he seemed to be suggesting that to the people in his constituency. But I hold in my hand a copy of a publication called *Headlines;* it is by no means a leftist publication. It is published weekly by the national association of real estate boards with offices at Chicago and Washington, D.C. This issue of May 15, 1944, contains an article dealing with post-war employment. The whole of it would be interesting, but I shall take time to read only one paragraph:

> Who will find them jobs, especially returning soldiers? Private enterprise cannot by itself underwrite an employment programme which can be counted upon. No group of business men can assume responsibility for the entire national economy. We may want the government out of business, but whether we like it or not, mass unemployment is something that the government has to take care of.

Mr. BLACKMORE: And the government cannot do it unless they can sell their goods.

Mr. KNOWLES: In contrast with the statement I have just read, I have noted some interesting quotations in connection with the setting up of War Assets Corporation Limited. In its issue of January 29, *Saturday Night* made this comment:

> The business community must be gratified that Mr. Howe (Minister of Munitions and Supply) has placed the disposal of surplus war assets

in the hands of business men and set them up in trade, not in political and official Ottawa, but in metropolitan Montreal.

The *Financial Post* of the same date, January 29, quotes an address given just prior to that date by Mr. Carswell, the president of the corporation. This is what he said, in part:

> Since the key job of the corporation is to protect the going economy against impingement of war surpluses, it stands to reason the corporation should never get into competition with industry—which is another way of saying it should not sell direct to the consumer but rather to those whose legitimate business it is to deal with the article concerned and on a basis that, within the corporation's powers, will ensure reasonable profit to dealer and reasonable price to consumer.

I suggest to the Minister of Munitions and Supply that despite what his political or social or economic philosophy may have been when he was called upon to undertake the tremendous tasks of his present position, he took the view that the demands of war had to be met no matter how many readjustments were necessary in the economic set-up in order to fulfil that end. I contend that when peace comes the same attitude is necessary. When we are faced with the need of full and useful employment and the need of maintaining a high standard of living among our people, the primary purpose of a corporation such as the one being set up under this bill should not be simply to protect the going economy against impingement of war surpluses; its key job should be to meet the needs of our people.

There is one other thing that worries me a little, and I shall be quite happy if the minister can set aside my fears. I hold in my hand sessional paper 360 of May 28, 1943, dealing with optional purchase clauses in government agreements with private corporations. I shall read one or two paragraphs from this sessional paper which indicate terms of disposal. The following refers to one of the plants of Defence Industries Limited:

> Defence Industries Limited is to make an offer if it desires to purchase the plant or any part thereof. If an agreement is not reached in sixty days, the government shall have a reasonable period to dispose of the plant to any other party on condition that it must be removed within ninety days from sale. If it is not sold to other party, the government shall remove the plant and level the site, or surrender ownership to the company without payment. The land is to be resold to the company for $1.

There is nothing significant in the last sentence, because I understand that in the first instance the land was bought for one dollar. But the rest of the terms seem to me to suggest that government policy with regard to the possible continued operation of a plant such as that is hamstrung by the authority given to Defence Industries Limited under the terms of the contract. Here is another one with the Electric Reduction Company of Canada Limited:

> The government shall offer the plant to the company at a fair and reasonable price. If not sold to the company within ninety days the company may dismantle the plant and deliver to the government at the plant gate.

That is an interesting way to put it.

> Notwithstanding the foregoing, the company may purchase electrolytic perchlorate cell at a price equivalent to the market value of used platinum therein.

There are several other similar paragraphs in this sessional paper, but I shall not take the time to read them. When the minister speaks either on the second reading or in committee I hope he will refer to the question I have raised in connection with these terms of disposal. My desire is that plants in which public money has been invested for the purpose of meeting the needs of war may continue to be operated by the government to meet the needs of our people in times of peace. My fear is that these terms block the carrying out of such a policy—if perchance we can persuade the government so long as it is in power to carry out such a policy.

This question cannot be handled on a piecemeal or patchwork basis. The house and the government should realize, as probably the government has, that the whole question of disposing of three or four billion dollars' worth of assets is not something isolated that can be handled without regard for the whole economic set-up of the country. When one contemplates the magnitude of these surpluses that are to be disposed of, and thinks of them in terms of trying to fit them into the whole economy of the country, he is brought right up against the necessity of our getting a vision of really rebuilding our economy and remaking Canada once this war is over. It ranges out into the whole question of a tremendous housing programme, the rebuilding of our cities, the seeing to it that there is work for those who come back from overseas and for those whose services in the making of munitions will no longer be necessary. To hope that private enterprise will be able to do that is, I suggest, sheer folly. I have given at least one instance in which a private enterprise journal realized that that is the case. The government looked at the needs of war and realized that they had to be met, and my contention is that the people of Canada will expect that same approach and that same attitude when peace comes.

This is indeed a most important measure. I look upon the bill itself as being in the

nature of enabling legislation. It does not indicate just what the government's policy is going to be. Perhaps that is correct in the nature of things. As I said earlier, I welcome the fact that the final say in these matters will be in the hands of the government of the day, that that is not being delegated to private business interests. However, because of the importance of the policy that will be carried out under this bill when it has been passed, I hope that during the discussion the minister will give us some indication of the policy the government will follow. I still hope he will say something a little more encouraging than the remarks I heard from him over the radio the other night.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, I think the minister is to be congratulated upon introducing this bill at the present time. I believe the majority of the Canadian people will agree that there is a need for such a bill. Certainly it would be inadvisable in the highest degree to allow the situation to run wild, so to speak, when peace is declared. We must take every precaution to see to it that there is a return to as nearly normal as we shall probably be able to get after so colossal a conflict as the one in which we are engaged.

Reading through the bill I find it on the whole quite satisfactory. The principle is sound, as I have said. Before making the few comments upon it that I think it fitting I should make, I probably should revert to the remarks of the hon. member who has just taken his seat (Mr. Knowles), for whom I have a very high degree of respect. As I gathered the general purport of his contribution, it was that since the government had found it so necessary to take over control of industry in large measure during the war, and because of that measure had been able to attain so high a degree of success, it argued automatically that government ownership in peace would solve our problems. I think that some extremely important factors are being overlooked when any such conclusion is drawn.

May I point out to my hon. friend and to those who are disposed to think as he does that in war our primary problem is production. In peace our primary problem in an age of plenty is distribution. Government ownership will enable the government to produce with the greatest success. But government ownership will not enable the government in time of peace to distribute; for distribution depends upon the amount of purchasing power which goes into the hands of the people and the degree to which that purchasing power is spread out among the people so that they can consume the goods which are being produced by industry. That mere fact should give all people who are socialistically inclined in their thinking cause for a good deal of serious reflection. In war time not only is the government obliged to get quantity of production but it must have design, and many times the particular design which the government wants is not a profitable type of production for any industry to be engaged in fabricating. The government must have design, and it must have special quality; it must also have an exceedingly high degree of speed in the production of the items that are being brought into existence, and at the same time there has to be a high degree of secrecy. All these things make it so that government ownership is probably the best producer in this field in time of war.

But in peace time these factors are not nearly so important. There is no need for secrecy. There is no particular need of a high degree of speed unless people are buying goods faster than the goods are being produced, and that is not likely in an age of plenty. There is no particular worry about quality, because if people have the money they will simply leave unpurchased the goods that are unsatisfactory in quality. Quality therefore will take care of itself. If there is a sufficient demand for goods, industry will provide the speed, because the faster they produce the goods the more money they will make. So that those who argue for government ownership in time of peace are falling into error; for all these factors will be taken care of by industry itself. The solution of the problem of distribution is to provide purchasing power for the people. If we can manage to give high enough wages, good jobs, good enough prices for the things which are produced and reasonable prices for the things which people have to buy, pensions and allowances and all that kind of thing which will allow the rank and file of the people to buy abundantly of the goods which industry stands ready to produce, then we shall be successful in distribution, and the ownership of the industries will simply make no difference at all, provided that industry manufactures the goods, which it will, and sells them, which it certainly will.

Having dealt with that matter in some measure, may I turn to certain aspects of the situation which I think it is well to point out to the minister. I remember that when I first came into parliament I received in the mail one day a fine shoe which had been cut all down one side with a razor so that it was impossible to repair it and make it fit for use. The shoe came to me from somewhere in Nova Scotia, and the man who sent

it to me wrote an exceedingly indignant note in which he said, "There are literally thousands upon thousands of shoes which have been treated like this and thrown on heaps, while thousands of people in this area need even shoes such as this and are denied the privilege of obtaining them." That kind of wanton waste I am sure the minister wants to put himself in a position to prevent. We certainly do not want anything like waste or sabotage after this war. The people need the goods, either people in our own country or people abroad, and provision must be made for allowing the common people who have been deprived of these good things to get them after the war. Never mind if that will be competing with private industry. Some provision must be made to protect private industry if that is necessary. But the goods simply must not be destroyed.

There is another aspect of this whole matter to which the hon. member for Bow River (Mr. Johnston) referred the other night and which I should like to mention briefly. I think it is in a high degree desirable that provincial governments should have the privilege of buying these war assets in so far as they may desire to do so. I can conceive that great numbers of tractors, trucks and the like might be of much value to the provinces in their public works programmes. They ought to be made available to the provinces at a very reasonable rate, and the country ought to know that that is going to be done. The provinces should be able to buy enough of these assets for a future supply if need be. I use tractors and trucks merely as an illustration.

Again, municipal governments ought to be able to obtain their needs of such equipment and machinery in so far as they may desire to do so. They should certainly have a chance to bid along with the governments of the provinces.

I think that after the last war there was far too much secrecy with respect to the disposal of surplus war material. I speak subject to revision of my opinion after learning more about the situation, but at the moment I fail to see why at the close of the war the government should not publicize in the widest and freest and frankest fashion the exact amount of goods which they have for disposal, telling the people where these goods can be obtained, how they can be obtained, at what prices they can be obtained, so that everybody may know all about them. It seems to me that that would avoid the possibility of the scavengers, to whom the hon. member for York-Sunbury (Mr. Hanson) referred, having a field day. With the radio facilities at the disposal of the government and with newspaper advertising it ought to be an easy matter to conduct a campaign of publicity so that everybody will know all about a thing which is everybody's business.

May I turn for a moment to the degree of control which has been placed in the hands of the minister. I am not a friend of centralized control. I think we have far too much of it. I was sympathetic with the words of the hon. member for York-Sunbury when he advocated decentralization of control. I think that the time has come when the whole country must study means of the decentralization of industry, the decentralization of credit control and of responsibility with respect to everything that pertains to our public wellbeing. So I say that I am not in favour of having too much power centralized in the hands of the minister. Yet in this case I believe it is a good thing. I notice at least four clauses in the bill which give the minister great power. I think, with certain reservations, that that is sound under the circumstances. It is sound because it centralizes executive capacity and is likely to work for greater efficiency in the disposal of this material, which will be a titanic job, I think. Then, it will centre responsibility on one man so that we can get at him and parliament will be able to get control of the situation much better, inasmuch as the minister will have that responsibility. At the same time, I think the minister will agree that there should be provision for establishing checks against his power. I am not saying that this will be necessary in the case of the present minister, but no one knows who the next minister will be and I am sure that the minister as a citizen of Canada would feel much better if this tremendous power were safeguarded with adequate reservations which would reassure the people that such power would be exercised wisely and in the public interest.

I suggest that some such set-up as this might be introduced into the bill. I would not go so far as to suggest that the minister modify the present bill, although, if he saw fit, he might do that; but some such measure as this I do suggest—that each provincial government should be given a considerable amount of influence in controlling the whole policy. The minister would do what members of the government in large measure have done during the war; he would invite into his confidence the representatives of the provinces for advice and counsel and put a certain amount of work on them in carrying out the purposes of the act. If that were done the minister would be in a better position to carry on. If he were to ask each province to appoint a com-

mittee to work with the war assets corporation and with him, and if then each provincial government were to ask the main municipalities in the province to appoint committees to work with it, we would have once more an opportunity for the widest measure of publicity and understanding regarding the matter.

I believe that in the days following the war there will be great necessity for maintaining confidence amongst the people. They must not be permitted to get the idea that they are being "sold down the river," or that things which are not in their best interest are being done behind the curtains. I believe that the making of such an arrangement as I have suggested, under which the provinces would work with the central government and the municipalities would work with the provincial government, would serve as a sort of safeguard against undesirable public attitudes regarding the whole matter of the disposal of war assets.

I have said all that I care to say at the present time. Such other observations as I have I will make when the bill is in committee.

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

Section 1 agreed to.

On section 2—Definitions.

Mr. MacNICOL: I wish to ask a question with regard to subparagraph (i) of paragraph (f), "included in a report made to the minister under section 3". Has the minister had any reports from the hundred and one companies—I am using an arbitrary number—which have been set up in connection with the making of munitions, in regard to stocks and various lines of materials that have not been used and which there is no likelihood of using?

Mr. HOWE: The committee itself is closely in touch with every department of government. Munitions and Supply have a representative on the committee, and it is the duty of that representative to know the situation in every plant in Canada, regardless of whether it is a crown plant or a private concern using government materials, and to watch for surplus inventories. That is done now, and was being done before the corporation was formed. Material was being transferred from one plant to another. The department goes further than most private firms in keeping inventories of all materials. On the termination of contracts the department moves quickly to arrange that surplus raw materials from the contract are removed from the plant and disposed of to other plants. Now surpluses will be reported to the committee, and disposed of through War Assets Corporation. I receive eight or ten recommendations from the committee each day. I understood the hon. member to ask whether there were any reports under section 3.

Mr. MacNICOL: Am I right in assuming that there are large quantities of material the purchase of which was ordered and which are in store in various manufacturing companies—goods that would have been used for making munitions had changes not been made in certain munitions equipment, which changes rendered obsolete large stocks of material?

Mr. HOWE: There are occasions when changes of specification make obsolete certain materials, either semi-manufactured or raw material. It has been the practice throughout the munitions programme to dispose of these surplus materials as rapidly as possible. If they are capable of use for any other purpose they are used for that purpose. If they are not, they are converted to scrap and sold back to the primary producers. That has been going on constantly. Within the last six weeks arrangements have been made to the end that the War Assets Corporation will handle all disposal of scrap, and all rendering back into scrap. Before that, the director of scrap metal, in the organization of the Department of Munitions and Supply, did that work. All surplus material or material rendered obsolete was reported to the director of scrap material, and it was his duty to have it rendered back into scrap and sold to primary producers.

Mr. MacNICOL: I have in mind some first-class material which has been rendered obsolete in certain plants owing to change in the design of munitions they are making, but which could be used in various other plants or to fill civilian requirements. Is someone specifically charged with the duty of salvaging obsolete material instead of scrapping it?

Mr. HOWE: Yes. The director general of production has taken that duty on himself. He has general knowledge of the programme of the department, and he decides whether material of the type the hon. member mentions can be successfully used by another plant. If so, the production schedule is arranged in the other plant to use that material. That work has been going on under careful direction.

Mr. MacNICOL: Or disposed of for civilian requirements.

Mr. HOWE: It can be, yes. We have not been selling material outside the department, except scrap. We have been transferring material from one programme to another, but we have refrained from selling to the public.

The purpose of this bill is to authorize the selling of any surplus material to the public. It is a very serious responsibility to sell government property to the public. Public property is always regarded as in a class by itself, and any wrongful disposal of it is regarded as much more serious than ordinary mishandling of materials; therefore, great care has been taken to safeguard the sale of such material.

At the present time all surpluses of the type that were previously handled by transferring from one contract to another will be reported first to the committee, and by the committee to the minister, and then transferred to the Crown Assets Corporation for expert disposal which the machinery of that corporation can apply.

Mr. SHAW: What type of inspection is carried on to determine what shall be scrapped and what shall not be scrapped? I had a very disturbing report from a responsible individual employed in a government-owned plant operated by a private company. I would not care to mention either the individual or the company at the moment but I can do so to the minister. This individual reported that in a great many instances machine parts which could have been readily repaired were relegated to the scrap heap and sold as scrap. I should like to know just what type of inspection is utilized to guard against a condition of that kind developing, provided that the condition does exist?

Mr. HOWE: The acceptance of war material is in the hands of the United Kingdom and Canada inspection board. The rejections by the board become, of course, the property of the contractor. I cannot imagine what a contractor could gain by putting rejected parts into scrap if they could be reworked and put into finished work. I cannot think of any contract where such action would not work to the detriment of the manufacturer.

Mr. SHAW: I was not speaking of parts delivered from the factory where they are manufactured, but rather of parts that had become damaged as a consequence of use and discarded when they could be repaired. That was the nature of the complaint. As an example, let us take a part which has been damaged—this individual mentioned that case—and which could have been repaired without much difficulty. Instead of that he contended it was thrown on to the scrap heap and a new part used in its place.

Mr. HOWE: My hon. friend is talking of a machine tool?

Mr. SHAW: I am not talking of a plant engaged in the repair of machine tools.

[Mr. Howe.]

Mr. HOWE: Is my hon. friend talking about a part of a machine tool?

Mr. SHAW: Part of a machine, yes. My question is: What type of inspection is carried out to guarantee that what is called scrap is actually scrap?

Mr. HOWE: That problem has engaged the attention of the department. We have a company called Cutting Tools and Gauges. The purpose of the company is to take worn parts of machines or damaged parts of machines into the plant, recut them or refabricate them and send them back for further use. The controller of machine tools has a staff constantly circulating among factories investigating breakages and uses of cutting tools. Great savings have been effected by the Cutting Tools and Gauges Corporation. As regards the salvage of cutting tools alone—at least those that would have been discarded in the ordinary process—through the work of this company in refabricating them and shipping them back as good as new, estimated savings to the government now amount to between two or three million dollars. I can assure the hon. gentleman that the point in question is not being overlooked. I cannot say that occasional cases of wastage do not occur; but every possible precaution is being taken to see that wastage is kept to a minimum.

Mr. FRASER (Peterborough West): Will the board set a definite price on each article?

Mr. HOWE: Yes.

Mr. FRASER (Peterborough West): There will be no tenders called; there will be a definite price?

Mr. HOWE: That is right.

Mr. FRASER (Peterborough West): Will the different articles for sale be advertised in the papers, or will there be a definite list sent out?

Mr. HOWE: It is difficult to answer that question; it depends on the article. For instance, the method of disposing of an over-age destroyer or an over-age corvette may be different from that of disposing of a number of kitchen utensils. I do not think I can make any general statement. The purpose will be to sell the goods as directly as possible from the government to the ultimate consumer. As a matter of practical administration there may be commissions given to a group of dealers, but there would be no outright sale to dealers for re-sale at any price the dealer likes to charge to the ultimate consumer. The purpose is to work directly from the government to the ultimate consumer.

Mr. FRASER (Peterborough West): What I had in mind was that some garage men may want machine tools after the war is over. I wondered if they would have any knowledge that the machines they require may be for sale?

Mr. HOWE: Machine tools are listed. They are in a class by themselves. The disposition of them is an important problem, because the government's purchases amounted to about $100,000,000. Definite scales of prices have been placed on used machine tools, depending on the age of the tool and the hours of use to which it has been put. The same scale of depreciation is applied as is allowed by our income tax department on machine tools used in a factory. The price is definite, depending on the history of the tool. These tools are listed as they become surplus and the lists are widely circulated. Small plants are given preference. One condition of sale is that if the plant is being sold to replace an old tool then the old tool must be rendered into scrap and disposed of. The purpose of selling machine tools is to improve the equipment of small plants first of all and not to put a lot of obsolete and inferior tools on the market in consequence.

Mr. FRASER (Peterborough West): Some of those tools have been imported from the United States and other countries?

Mr. HOWE: That is right.

Mr. FRASER (Peterborough West): Duties have been paid and perhaps refunded. When they are sold by the government will they be sold duty free? The purchaser will not be asked to pay the duty?

Mr. HOWE: In pricing the article, the question of duty, whether paid or not, will be taken into account, and the article will be priced accordingly. But by arrangement with the income tax department, it has been decided that the price of the article will take care of the duty; and since all the funds recovered from the sale go to the receiver general of Canada in any event, the tools will not be subject to further duty if sold by War Assets Corporation Limited.

Mr. STIRLING: The minister did not speak on the second reading of the bill, but I hope he will take an opportunity to reply to some of the points raised in the speeches that have been delivered. I remember that the hon. member for York-Sunbury referred to the short life of War Assets Corporation Limited, and he wondered what the main reasons were, why that method was changed to this one based on legislation. Perhaps it might be appropriate under this section for the minister to give us some description of what has been accomplished in the seven months during which War Assets Corporation Limited has been in existence, what it has handled, what it has disposed of, the methods it has used and whether those methods will be continued under this corporation.

Mr. HOWE: In the order in council setting up War Assets Corporation Limited it was stated that a bill would be presented at the next session of parliament providing legislation to replace the order in council. The purpose of the legislation is, first, that the principle involved may be discussed in this parliament. As I said before, the sale of government property is a serious matter, and I believe hon. members should be made well aware of the procedure. I think it was stated in Bernard Baruch's report that the disposal of government property should be conducted in a gold-fish bowl; that it should be open to public view, and that will be the procedure of War Assets Corporation Limited. Another reason, this is a continuing job. The powers of the government under the War Measures Act will expire shortly after the war ends, but the work of disposal will continue for a long period thereafter. An act of parliament is desirable to provide continuity.

It was suggested by the hon. member for York-Sunbury that great surpluses are now available for disposal. Of course that is not the case. It was thought desirable to provide the machinery for disposal while the problem was on a small scale, and to build up an organization to cope with the larger problem whenever it might confront the government. I mentioned the amount of $3,000,000,000. I arrived at that figure having regard to the fact that my department has purchased about $10,000,000,000 of munitions and supplies, and I estimated that perhaps one-third of this would be subject to disposal at the end of hostilities. Many of these munitions may be outside Canada, in the United Kingdom, on the continent or in other allied countries. Mutual Aid material is subject to recall after the war, if it has any value. We have ships around the world, being operated by various people, and these will be subject to recall. We have warships, not all of which will be required for our peace-time navy, and that will become a problem of disposal. We have guns and other weapons used by the armed forces, and a wide variety of other supplies. To give hon. members an idea of one problem, this country has produced over six hundred thousand automotive vehicles. Many of these will not return, but a considerable proportion will be brought back, and that will be one great problem which will have to be

faced by the War Assets Corporation. That corporation is charged with keeping in mind that it is disposing of the property of all the people of Canada, and its first duty is to see that the material is distributed in such a way that all the people will share in any benefit that may accrue to our economy through the sale of this used government material.

Mr. STIRLING: What has the corporation accomplished so far?

Mr. HOWE: The real work of the corporation started about two months ago, and to date the net proceeds of sales have been as follows:

Aircraft	$69,100
Automotive equipment	18,361
Machine tools	23,809
Scrap metal	17,580
Miscellaneous scrap	1,007
Sundry small sales	1,890

Those were sales by the corporation directly.

Mr. STIRLING: Directly to consumers, does the minister know?

Mr. HOWE: Yes, directly to consumers. Then the scrap and salvage division, which has been under the direction of the corporation for the past month, sold $88,000 worth of scrap, while another agency of the department, which is also being transferred to the corporation, disposed of $132,000 worth of scrap. So that in the past six weeks the business of the corporation has netted the treasury some $350,000.

Mr. MacNICOL: At reasonable prices?

Mr. HOWE: Yes, I would think so.

Mr. JACKMAN: Could the minister give the original cost to the government of the assets from which $35,000 were realized?

Mr. HOWE: No, I have not that information. A considerable part of the total is represented by aircraft, and my hon. friend will realize that the recovery price on trainer aircraft that have been used in the air training programme bears very little relation to cost. I believe that the aircraft in question were made in Canada at a cost of $6,000 or $7,000 each and were sold to Mexico for about $1,400 or $1,500, as is and where is. In the meantime their useful life in the air training plan had been exhausted, so that I would consider that a very good recovery.

Mr. JOHNSTON (Bow River): How many motorcycles have been disposed of already? While I am on my feet I should like to ask the minister what method of identification is used in connection with government-owned property. I have in mind such machines as lathes. I am not blaming the minister for this; I am just drawing it to his attention. I recall having visited some aircraft and shipbuilding factories, and I was told that the only government identification was a number painted on the machine. To remove that number would require only a little gasoline or something of the kind. For their own protection I should think the government would have some metal stamp on each machine, so that in days to come, after this disposal is completed, no one may be accused of possessing property to which he has no right. If the government had a permanent identification mark a check could be made, which would eliminate the possibility of anyone getting possession of government property to which he was not entitled. I refer to motorcycles, because not long ago I was told by certain people, who I thought were in a position to know, that quite a number of motorcycles in good condition had been sold for very small sums. I remember that in one case $250 was mentioned. I was surprised, because I did not know that there had been permission given to sell the motorcycles. I was in doubt as to whether the government had gone so far as to sell them. Apparently, however, this Indian motorcycle with sidecar was sold for $250, a reasonable price for anyone to have to pay.

Mr. HOWE: The hon. member has spoken about the identification of machine tools. He will be aware that it is difficult to steal a motor car and then to camouflage it in such a way that the ownership cannot be ascertained. Machine tools are just as well protected. I think the hon. member could assure anyone who has a government machine tool that it would be only a matter of time when the owner thereof would catch up with him. Careful registration is kept of every machine tool. There are several identification marks, including the name of the manufacturer, on each tool. The government will not hesitate to prosecute for theft anyone who illegally possesses any unit of crown property. We have had one or two cases of theft, and in those instances have prosecuted and recovered. That will be our policy, and it is one which I believe is generally known. I would be surprised if there is any wholesale illegal transfer of crown assets. Then, so far as motorcycles are concerned, I believe the only motorcycles handled by the committee have been transferred from the army, through mutual aid, to Russia. I know of no sale to the general public. I must point out, however, that there was in existence an army disposal board, before the corporation was formed, and it is possible that that board sold motorcycles to the public. If so, I have no knowledge of it.

Mr. KNOWLES: When I questioned the minister the other night I understood him to say that property, as defined, includes crown plants, as well as other kinds of equipment. In the event—and the minister knows I hope this will not happen—of the decision being made to dispose of a crown plant, what course would be followed? I understand that most of these crown plants are held in the name of the Minister of Munitions and Supply. Does that mean that he would report to the committee and that committee would report back to him, or what procedure would be followed?

In that same connection, would the minister give some indication as to what would happen in connection with plants where expansions have been made, with government financial assistance, and where the plant managers tell us there is no clear line of demarcation between privately-owned and government-owned property.

Then, will the settlement of terms of disposal, such as I read a while ago from a sessional paper, No. 360, come under the jurisdiction of the machinery we are now setting up?

Mr. HOWE: The machinery for the disposal of crown plants is that the department responsible for the plant declares it surplus to the requirements of that department. This is reported to the board, and the board examines the situation to see whether any other department of government can utilize the plant in question. If not, recommendation is made to the minister with respect to disposal. That is, if no use can be found for it for government purposes, a recommendation goes to the minister that it be turned over to War Assets Corporation, as surplus crown property. The minister, in turn, would receive the report and, after consideration, make a recommendation to council. It will be remembered that every decision involving values over $15,000 must be reported to the governor in council. If council decides that the plant in question should be disposed of, such plant would be turned over to War Assets Corporation for disposal.

My hon. friend suggests that every plant owned by the government should be operated by the government. The leader of the Social Credit party said, very properly, that in war time the problem is one of manufacturing, while in peace time it is one of disposal of output. He suggested that if there were plenty of money in the hands of consumers there would be no problem of that kind. I can assure him that the problem would still be there, because Canada is capable of producing almost anything in quantities far in excess of the ability of her own population to consume. Our exports always represent a very considerable part of our annual production.

I believe there are certain plants which the government could operate to advantage; but there are a great many plants the government could not possibly operate in competition with private industry. When those plants become surplus to government requirements, the option will be either that the plants be closed or that they be put into hands which can operate them successfully. The decision is, as I say, first in the hands of the committee, and then in the hands of the minister. The matter is then considered by council and, if disposal is decided upon, the actual disposition will be handled by the corporation.

The hon. member has referred to certain types of construction where the method of disposal is specified in contracts. The situation is not as serious as he believes. It arises where a special war munition or a product required for war munitions can be built much more cheaply as part of an existing plant turning out a commercial product. The option usually is to spend a fairly small amount of money in building a publicly owned addition to a privately owned plant, or spending a large amount of money in duplicating the privately owned plant, and adding to it a unit required for war production.

The hon. member referred to one plant which I recognized as Defence Industries Limited. That was a case where the raw material in question was chlorine. A plant to manufacture chlorine is expensive to build. While I forget the product to which the hon. member refers—although I recognized it at the time—I remember it was a product used wholly for war explosives. The best way of obtaining it seemed to be that of building a unit inside the plant of D.I.L. The unit built by the government had no relation to the private business of D.I.L.; it was not a commercial product. Therefore D.I.L. had a perfect right to say, "This may be all very well for the war, but the material you are making will not be used after the war, and we want that unit removed from our works. It does not fit in with an integrated chlorine plant." A proviso was made to the effect that D.I.L. would make us an offer for the unit, with such conversion as might be possible. If we were not satisfied with the offer we could then sell the unit where we liked, and under that condition remove it from the property. That type of transaction has been made only when it was the cheapest way to provide the particular war material. I am satisfied, and

I think the committee will agree, that the procedure taken was the cheapest way for the government to achieve the required result.

Mr. KNOWLES: In the case the minister has just described I take it that the War Assets Corporation would not have anything to do with arriving at the price; that would be determined already by the terms of the contract?

Mr. HOWE: Oh, no, the contract would be transferred to Surplus Assets Corporation, and the experts of that corporation would decide whether it would be better to accept the price offered by Defence Industries Limited, whether the plant should be offered elsewhere or whether it should be torn down and sold as scrap.

Mr. MATTHEWS: Mr. Chairman, I was sorry to be out of the chamber when the hon. member for York-Sunbury was speaking, but with most of the arguments I heard and with the suggestions offered by others who followed him I readily agree. I am not going to discuss the question of war plants because I shall leave that to those who know more about it than I, but I should like to say a word with regard to training centres and other places where there is not much in the way of equipment but where there are many buildings.

Farmers all over this country have been in dire need of lumber for several years. Their buildings have gone into disrepair and are becoming worse every month. They have accepted all this in good spirit because of the war. I suggest that in the disposal of buildings at the training centres the farmers should have preference in every possible case. I do not think any jobbery or speculation should be permitted in the disposal of these buildings; if possible, they should be sold direct to the consumer; that is, to the farmer. Just how this is to be done is perhaps outside my knowledge, but I wonder if a selling agent could not be posted at each of these centres to have control of the sale of the building. He could deal direct with the individual where possible, or perhaps auctions could be held. But in any event, the sale should be direct to the consumer and the farmer should not be asked to pay tribute to any other firm or dealer. I urge this suggestion upon the department.

Mr. HOWE: The hon. member has described the exact method contemplated for disposing of that type of equipment by Surplus Crown Assets Corporation. Very few buildings have been turned over to the corporation, but the machinery is such that sales will be made on the ground to users in the vicinity, who can get greatest value from the salvage.

Mr. JACKMAN: This new corporation will not be confined to war assets; I take it that it will handle all surplus property?

Mr. HOWE: Of the government.

Mr. JACKMAN: And also that it will be continuing in its nature. That is to say, it will not have to do only with surpluses that arise after the armistice is signed; it will continue to operate indefinitely as long as there is any use for it. I take it that the minister or his department will be the chief provider of information, although there will be some obtained from the various defence departments.

Mr. HOWE: Each member represents a department which is likely to have material for disposal. In the long run the Department of Munitions and Supply will perhaps be the smallest source of material. At the moment we are perhaps the principal source. The termination of contracts is a function of the department, but any scrap or salvage arising out of the termination of contracts will be for disposal by Surplus Crown Assets Corporation. The departments of national defence will ultimately be the largest sources of material to be handled by the corporation.

Mr. JACKMAN: What about goods still in process of manufacture under contracts with munitions and supply? Is this section broad enough to cover material in process?

Mr. HOWE: Yes.

Mr. JACKMAN: I notice that the report must be made to the minister, but there is nothing to say that the minister must report to Surplus Crown Assets Corporation. I presume it would be automatic, but we may find ourselves in the position where a minister receives a report which he does not care to pass on to Surplus Crown Assets Corporation. Why should that not be provided against?

Mr. HOWE: Is the minister to be allowed no discretion?

Mr. JACKMAN: I am just wondering whether all surplus assets should not be made known to Surplus Crown Assets Corporation. As one hon. member has said, we may have a different minister.

Mr. HOWE: Surplus Crown Assets Corporation is represented on the committee by the president. The committee may recommend that assets be declared surplus, but the government may know of reasons why it does not wish to declare those assets surplus. It may be a matter of government policy.

Mr. JACKMAN: Unless the minister felt it wise to pass the information on, the committee

might not know. There is nothing in this section which makes it mandatory upon the minister to pass on that information which is given to him by the various departments. I should think the minister would have no objection to giving the information filed with him to Surplus Crown Assets Corporation.

Mr. HOWE: In theory it is given to the minister; in practice it is given to the committee.

Mr. JACKMAN: As long as the minister is satisfied. I do not see anything in the bill which would relieve the minds of those in business which might compete with products declared to be surplus. Business should know whether these surplus assets are to be held off the market or whether they are to overhang the market for some indefinite time until the government or Surplus Crown Assets Corporation decides to dispose of them. For instance, there might be thousands of yards of duck and business might not know just when the ultimate disposal would be made. That material would be overhanging the market and would have a depressing effect on trade.

Mr. HOWE: The only protection the businessman can have is the calibre of the management of Surplus Crown Assets Corporation. The business of the corporation is not solely to protect trade; it is to recover government money, and to distribute the goods turned over to it to the best interest of all the people. It must combine all three interests in a reasonable way. It has power to hold or reconvert and operate as well as to sell. The matter of disposal requires the broadest judgment of almost any problem. My hon. friend will know that after the last war, material was sold by auction, and much of it got into the hands of speculators and second-hand dealers, with a tremendously destructive effect on industry and without any real benefit to the crown or to the public. We believe that the machinery now established will bring to bear on the problem the best judgment that can be found. The purpose will be to bring about a balance between the various interests that must be considered.

Mr. JACKMAN: What is the fundamental philosophy behind this bill. A short while ago the minister said that in Canada we can produce far more than we require and that therefore we have to export a great deal. Now he is saying that the chief purpose behind this bill is to get as much out of the surplus assets as possible, whereas many of us will feel that the main thing after the war will be, not to try to salvage what we can out of the surplus material, but to create jobs. That will be in the minister's mind also. So that in relation to the question which I asked before, I should like to know whether industry will find that there will be in some cases huge surpluses of material overhanging the market and awaiting a buyer at the best disposition which can be made of it by a government company, or whether industry will know definitely what the policy of the government is to be in regard to this material. Will prospective buyers know that they cannot get this material below a certain price? Will the government even hold some of these surpluses as strategic materials or something of that kind? It seems to me that we ought to know what is to be the prime essential, whether it is to create jobs or to salvage to the last dollar, because the two may conflict with each other. So that it is well to know what is behind this bill in that regard.

Mr. HOWE: The purpose of the bill is to bring the best balanced judgment that can be had to bear on problems of that kind. My hon. friend would hardly expect me to say now that we would do one thing or another thing as a matter of general policy. Business will be able to discuss its problems with the management and directors of the corporation, just as will public interests. I think business generally believes that the machinery now being established will serve the purpose as well as any that can be devised.

Mr. MacNICOL: If Surplus Crown Assets Corporation follows the policy which the minister outlined a few moments ago in reference to the disposal of crown plants, that policy will create a lot of jobs and I support the minister's policy in that regard exactly 100 per cent. I wholly disagree with the hon. member for Winnipeg North Centre. I should like to tell him as one who was through a lot of this following the great war and has seen the results that followed the disposal of government plants and their purchase by private capital just what happened, for instance, in one case. We have to get back to private enterprise just as rapidly as possible, and I hope that this example of the results which followed from the disposal of one government plant after the last war will make some impression on my hon. friend. I have had a lot to do with business, and with big business, and I am afraid my hon. friend has not. The minister spoke of the disposal of plants. Immediately following the last war—I do not just remember what agency was set up for the disposal of crown plants, because it is quite a few years ago now—there was a very large plant on Dufferin street, Toronto, in which aeroplanes had been made. It was a substan-

tial, well-built brick plant, well proportioned, well engineered and well machined in every particular. That plant was disposed of in some way, together with much of the goods and equipment therein. Some private company of investors, as I remember it—I am not just sure of the financial set-up—purchased that big plant, with the result that in a short time perhaps fifteen different new industries started up in that plant. When I say fifteen, that is an arbitrary number; there might have been a few more or a few less. But about fifteen new industries started up in that plant, some of which are perhaps there to-day, and they gave much employment.

The minister is right in his policy of disposal of crown plants, enabling private investors to buy them or in any event to use them and start up scores and scores of new industries. We want all the new business we can get, and there are many, many businesses which are not started simply because they lack the plant in which to start. The plant I have in mind is one I know very well. It was next door to the plant with which I was associated. I saw the results of the disposal of that plant. My hon. friend the member for York South is thoroughly familiar with the plant I am speaking of and with the facts I am presenting to the committee. Ever since the last war a large number of men and women have been engaged in different lines of industry in that old plant. It is old now but it was not old at that time. That is what we want, to get back to private industry as quickly as we can and produce the requirements of the people. It cannot be done economically by government plants, as the minister very well said.

Besides, a large number of these plants have been built along lines which private industry would not follow. It did not make a fig of difference if it took one thousand tons or one hundred tons of coal a week to heat some of these huge government plants, because they were put up for a temporary purpose, and no doubt the cost of heating in many of these plants is excessive. I am not finding fault with the government for that, because the plants were put up for a special purpose, to help win the war. But the cost of heating is excessive in many cases because the buildings are not of brick. Private enterprise, when it puts up a plant, counts upon occupying it for an indefinitely long period of time and figures on the cost of maintenance, heating and so forth. We did that in the business with which I was associated. We put up a substantial plant, because private enterprise always looks to the cost of maintenance and heating, coal to-day being a very large part of the cost of production.

So that I say to my hon. friend the member for Winnipeg North Centre that I do not want him to feel that I am basing my disagreement with him on anything but sound argument and many years of experience. My experience has been that many government plants would not be purchased by private industry. Shell constructed plants, for instance, would not be purchased by private industry because the buildings are not substantial enough. A substantial building might be purchased by private enterprise, just like that big aeroplane plant that I mentioned on Dufferin street, Toronto. That is the kind of thing we want. We want to give more employment, and I know of no place where we can get more jobs more quickly than by getting back to private enterprise as quickly as possible after the war and by the government disposing of substantial plants.

Mr. KNOWLES: Why did private enterprise not do it before the war?

Mr. MacNICOL: Everybody knows the conditions before the war. It would take too long to get into that argument. My hon. friend cannot possibly know about production, about who is going to produce. Every man to his own business. If I stick out a sign with "lawyer" or "doctor" on it, that does not mean that I am a lawyer or that I can practise medicine. Every man to his own business. A man must know what he is talking about.

Mr. NOSEWORTHY: They did not know it in the nineteen-thirties.

Mr. MacNICOL: A man has to know something about a subject he is talking about. If he is engaged in industry all through his lifetime he should know something about production and business; he would know much more than the man who has merely a theoretical knowledge of the subject. I speak from practical experience.

Mr. ROSS (Souris): Where there is surplus equipment in one of the armed services and it is turned over to the corporation and they have a request from another department not directly concerned in the war—I have in mind certain road equipment and equipment that might be used in connection with water conservation projects under the Prairie Farm Assistance Act, and in many other places in the west in connection with experimental or reclamation farms—I suppose application could be made for such equipment under this set-up.

Mr. HOWE: It is one of the duties of the committee.

Mr. ROSS (Souris): I should like to know how a municipal corporation wanting fire-fight-

ing apparatus or road equipment which might be turned over from one of the airports would get into touch with the committee if it wanted to purchase such equipment. I know several municipal units who desire to obtain fire-fighting apparatus and other equipment which they know will become surplus in communities adjacent to their territories. I believe that the government have received resolutions from the automotive trade of the country protesting against the direct sale of jeeps. They suggest that this should be reserved for the normal trade. What would be done in connection with the sale of jeeps? Would they be advertised and sold direct to consumers or through the normal trade? These are questions I had in mind.

Mr. HOWE: As regards the first question of transferring from one government department to another, that is handled by the committee. Interested departments are represented on the committee and are given a first priority in regard to any article being handled by the committee. As regards municipalities, they are given a priority after the provinces. The province is given first priority and the municipality second on any equipment that is likely to be of service to either. The municipalities will be circularized if material of that type is available, and inquiries will be handled as well as possible by the corporation.

Mr. ROSS (Souris): What about the sale of jeeps and surplus automobiles?

Mr. HOWE: My hon. friend is mistaken when he says that representations have been received from the automotive trade. That statement has been published in the newspapers and has been denied by the trade, and certainly no communication has ever reached the department from the trade. The jeep, I may say, is greatly overestimated as a civilian instrument. It is expensive to build and operate, and its tractive qualities are much below those attributed to it by public opinion. It will be disappointing.

Mr. ROSS (Souris): I think the public should know that now.

Mr. HOWE: If all the facts are known, and we are trying to make them known—the national research council are preparing a careful study of the jeep as a civilian vehicle—and if after the facts are disclosed the public still wish to buy jeeps, I have no doubt they will be made available to them.

Mr. STIRLING: With regard to the difficulties of getting away with the theft of government material, has Canada anything comparable witih the broad arrow of the United Kingdom which is placed on everything made and owned there?

Mr. HOWE: Every machine handled has the stamp and painted insignia on it. The Citadel brand and number are stamped in the machine. There are several identifying marks on machine tools.

Mr. HANSON (York-Sunbury): What about supplies as distinguished from equipment?

Mr. HOWE: I cannot say, but I should think it would be difficult to steal government property, making a business of such theft, and get away with it.

Section agreed to.

On section 3—departmental reports of surplus property.

Mr. HANSON (York-Sunbury): Is any running inventory kept? How do the various departments handle the situation? As the minister knows, in a wholesale house they have day-to-day reports of sales and purchases, and running inventories are kept, so that they know exactly what stock is on hand in their warehouses at any given period of time. How does the government handle that sort of thing?

Mr. HOWE: The government has its own central inventory. Everything of a capital nature bought by the government is carried on inventory, billed in when purchased and billed out when disposed of.

Mr. HANSON (York-Sunbury): That is capital.

Mr. HOWE: Yes. Machine tools are carried on a central inventory. Machine tools may be lent to the Inglis plant in Toronto and later transferred to General Motors in Oshawa, or to any other plant, but they always appear in a central register, the transfer being recorded. Similar inventories are kept for materials in government-owned plants. Each plant has its own inventory, a record that is carefully checked.

Mr. HANSON (York-Sunbury): That is, material?

Mr. HOWE: Yes.

Mr. HANSON (York-Sunbury): Or is the minister speaking of equipment?

Mr. HOWE: No; raw material. Inventory records are carefully checked. Rules are put out from time to time as to how much inventory can be carried on government account.

For example, in the aeroplane industry inventory is confined to two months' requirement. Various limits are put on various types of production in order that excessive inventories will not be accumulated. I know of no plant where the inventory position cannot be quickly determined either by the records of the plant itself or by those in Ottawa.

Mr. HANSON (York-Sunbury): It may be the part of wisdom to have supplies of more than two months. It is in the case of consumer goods. That is very important, because they cannot always be reached. What I have in mind is what I referred to in my remarks on the second reading. Has the government been supplied with any inventories? Has it any over-all picture of surpluses, and will the minister give a break-down of that, so that the country will know the nature, extent and quality of those surplus assets which we shall dispose of? That, after all, is the main reason for the bill.

Mr. HOWE: When my hon. friend was out of the chamber I explained that the surplus—

Mr. HANSON (York-Sunbury): I cannot be in two places at once.

Mr. HOWE: I explained that the surplus assets referred to are not at present surpluses, but are rather anticipated surpluses. The surpluses of the present day are comparatively small, arising out of the cancellation of contracts. They are current scrap that is purchased in government-owned plants and a few materials coming back now in the way of used aircraft no longer required, or a few used vehicles. But the problem is not of large proportions. My hon. friend spoke of millions of dollars of surplus. I know of no such surplus, but we do anticipate that a large part of everything made in the war will eventually return to the government as surplus. I suggested, when the hon. member was out of the chamber, that the orders placed by my department at the moment total around $10,000,000,000, and I said I would guess that a third of that material would come back to be handled by the corporation as surplus assets.

Mr. HANSON (York-Sunbury): That is what the minister means by anticipated surpluses?

Mr. HOWE: Yes. It will not all come back to Canada. It will be in Britain or France or a good many countries of the world, but the ultimate disposal will be in the hands of the War Assets Corporation.

Section agreed to.

At six o'clock the house took recess.

[Mr. Howe.]

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

ETHEL SANGSTER MUIR

The house in committee on bill No. 12, for the relief of Ethel Sangster Muir—Mr. Factor—Mr. Bradette in the chair.

Mr. KNOWLES: I wish to take only a minute to register a protest on behalf of the group I represent, in view of the fact that nothing has been done as yet to find some place where these divorce bills can be dealt with other than in the parliament of Canada. This is not a new protest on behalf of our group or other groups and other members of the house. We do not propose to take up any time but I feel the protest should be stated.

Sections 1 and 2 agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 10, for the relief of Theodore Zalopany.—Mr. Gray.

Bill No. 11, for the relief of Thelma Alice Warren Whittet.—Mr. Fulford.

Bill No. 13, for the relief of Kiril John Christo.—Mr. Gray.

Bill No. 14, for the relief of Helaine Ethel Leopold Lax.—Mr. McIlraith.

Bill No. 15, for the relief of Cecil Benjamin Pomeroy.—Mr. McIlraith.

Bill No. 17, for the relief of Paul Sanson White.—Mr. Fulford.

Bill No. 18, for the relief of Mary Hope Beers Ross.—Mr. McIlraith.

Bill No. 19, for the relief of Wasyl Usypchuk, otherwise known as William Usypchuk.—Mr. Factor.

Bill No. 20, for the relief of Walter Stanley Spencer.—Mr. Fulford.

Bill No. 21, for the relief of Emma Gertrude Groves Morris.—Mr. Hill.

Bill No. 22, for the relief of Gertrude Margaret Amy Ogilvie.—Mr. Hazen.

Bill No. 23, for the relief of Myrtle Josephine Teel O'Dell.—Mr. Emmerson.

Bill No. 24, for the relief of Marjorie Helen Parker Leduc.—Mr. Boucher.

Bill No. 25, for the relief of Margaret Derry Kirby.—Mr. Boucher.

Bill No. 26, for the relief of George Thomas Bragger.—Mr. Hill.

Bill No. 27, for the relief of Freda Watson Norman Daniels.—Mr. Emmerson.

Bill No. 28, for the relief of Iris Mabel Dash Wilkinson.—Mr. Hill.

Bill No. 30, for the relief of Thomas Henry Dwyer.—Mr. MacInnis.

Bill No. 31, for the relief of Elsie Margaret Ormandy Henderson.—Mr. Boucher.

Bill No. 32, for the relief of Arthur Charles Duffy.—Mr. Gray.

Bill No. 33, for the relief of Kathleen Edna Ellis Wainwright.—Mr. Hill.

Bill No. 34, for the relief of Diana Lenore Carsley Tenenhouse.—Mr. Gray.

Bill No. 42, for the relief of Charlotte Muriel Wright.—Mr. Stokes.

Bill No. 43, for the relief of Sarah Carmichael Hay Johnston.—Mr. Emmerson.

Bill No. 44, for the relief of Margaret Georgina Isabel Townsend Mansfield.—Mr. Emmerson.

Bill No. 45, for the relief of Pasquale Di Guglielmo.—Mr. Hazen.

Bill No. 46, for the relief of Theodora B. Ostlund Fruitier.—Mr. Fulford.

Bill No. 47, for the relief of Erna Warthold Langlois.—Mr. Hill.

Bill No. 48, for the relief of Ruth Steinwold Lauer.—Mr. MacInnis.

Bill No. 49, for the relief of Georges Hodgson Fisher.—Mr. McIlraith.

Bill No. 50, for the relief of Molly Gurevitch Gladman.—Mr. Factor.

Bill No. 55, for the relief of Julia Menard Mills.—Mr. Hill.

Bill No. 56, for the relief of Vera Esteri Seppala Vuorimies.—Mr. Hill.

Bill No. 57, for the relief of Violet Magdalen Johnson Overall.—Mr. Hazen.

Bill No. 59, for the relief of Edna Lyall Burgess Lambert.—Mr. Boucher.

Bill No. 60, for the relief of Barbara Hellen Smith Dodds.—Mr. McIlraith.

Bill No. 61, for the relief of Ellen Margaret Doris Sheehan Décary.—Mr. McIlraith.

Bill No. 62, for the relief of Kathleen O'Raw Major.—Mr. Fulford.

Bill No. 63, for the relief of Vernon Oswald Marquez.—Mr. Fulford.

Bill No. 66, for the relief of Wilson Allan Martin.—Mr. Fulford.

Bill No. 67, for the relief of Victoria May Larkin Kirkcaldy.—Mr. Casselman (Grenville-Dundas).

Bill No. 68, for the relief of Nellie Blinkhorn Cowie.—Mr. MacInnis.

Bill No. 69, for the relief of William Mace.—Mr. Casselman (Grenville-Dundas).

Bill No. 70, for the relief of Pauline Hislop Ralph.—Mr. Casselman (Grenville-Dundas).

Bill No. 71, for the relief of Ethel Mary Moffatt Shaw.—Mr. Whitman.

Bill No. 72, for the relief of Alfreda Elsie Hatch Carpenter.—Mr. MacInnis.

Bill No. 73, for the relief of Rachel Segal Kaparofsky.—Mr. Factor.

Bill No. 74, for the relief of Paul Lapointe.—Mr. Factor.

Bill No. 75, for the relief of Vera Grace Percy Moore.—Mr. Factor.

Bill No. 76, for the relief of Jean Fernand Georges Robitaille.—Mr. MacInnis.

Bill No. 77, for the relief of Marie Stella Gisele Payette MacRae.—Mr. Gray.

Bill No. 78, for the relief of Horace Henry Chapman.—Mr. Hazen.

Bill No. 79, for the relief of Florence Berger Bassin.—Mr. Casselman (Grenville-Dundas).

Bill No. 80, for the relief of Roland Edouard Levert.—Mr. Macdonald (Brantford City).

Bill No. 96, for the relief of William Cowie.—Mr. Hill.

Bill No. 97, for the relief of Nita Marjorie Hammerich Ward.—Mr. Casselman (Grenville-Dundas).

Bill No. 98, for the relief of Margaret Kirsen Brown MacRae.—Mr. Casselman (Grenville-Dundas).

Bill No. 99, for the relief of Margaretha Bernhard Cronauer.—Mr. Macdonald (Brantford City).

Bill No. 100, for the relief of Henry Rattigan.—Mr. Fulford.

Bill No. 103, for the relief of Margaret Millar Short.—Mr. McIlraith.

Bill No. 104, for the relief of Mary Annesley Iverson.—Mr. Factor.

Bill No. 105, for the relief of Annie Drewniak Sonberg.—Mr. Macdonald (Brantford City).

Bill No. 106, for the relief of Celia Zlatkes Azeff.—Mr. McIlraith.

Bill No. 107, for the relief of Louisa O'Tool Shelley.—Mr. Factor.

Bill No. 108, for the relief of Miriam Schwartz Silcoff.—Mr. Macdonald.

Bill No. 39, respecting The New Brunswick Railway Company.—Mr. Emmerson.

Mr. GRAYDON: Since we have come to the end of the list of divorce bills for this evening, may I make this observation. I do not want to repeat what I said on a previous occasion with respect to these bills, but I listened with some interest to the protest of the hon. member for Winnipeg North Centre. I do not consider a protest of much use at this stage except to repeat the statement that I made on a previous occasion, namely, that it is not sufficient to say that these bills should not be before the house. I think we must make some concrete suggestion as to how divorce bills should be handled. I think the government might well consider referring these matters to the Exchequer Court of Canada. I suggested that when the debate

took place some time ago. I think most hon. members of the committee are pretty well tired of these divorce proceedings. It is a thing that cuts through party lines and it does seem to me that the exchequer court is the place to which people who are entitled to relief may go without infringing upon either the constitutional rights, or any other rights, that the provinces may have. If that were done, parliament would be rid once and for all of this business which comes up periodically and which is not always acceptable to hon. members generally.

Bills reported, read the third time and passed.

SECOND READINGS

Bill No. 119, for the relief of William Taffert.—Mr. McIlraith.

Bill No. 120, for the relief of Belle Bailey Leibovitch.—Mr. McIlraith.

Bill No. 121, for the relief of Gertie Shulman Friedman.—Mr. McIlraith.

Bill No. 122, for the relief of Sarah Slutsky Shapiro.—Mr. McIlraith.

Bill No. 123, for the relief of Jessie Dickson Mackie Toy.—Mr. Hill.

Bill No. 124, for the relief of Angele Pauline Edgar Marie Lambert Choux.—Mr. Fulford.

Bill No. 125, for the relief of Margaret Kathleen Hollenbeck Fortin.—Mr. Fulford.

Bill No. 126, for the relief of Hulda Van Koughnet Lynch-Staunton.—Mr. Boucher.

Bill No. 127, for the relief of James MacMillan McHale.—Mr. Homuth.

Bill No. 128, for the relief of Vernon Ross Aiken.—Mr. Boucher.

Bill No. 129, for the relief of Frederick Richard Channon.—Mr. Factor.

Bill No. 130, for the relief of Ernest Charles Hazard.—Mr. Whitman.

THE GENERAL MISSIONARY SOCIETY OF THE GERMAN BAPTIST CHURCHES OF NORTH AMERICA—CHANGE OF NAME

Mrs. CORA T. CASSELMAN (Edmonton East) moved the second reading of bill No. 118, respecting the General Missionary Society of the German Baptist Churches of North America, and to change its name to the North American Baptist General Missionary Society.

Mr. GRAYDON: There was a collection of divorce bills, Mr. Speaker, which went through in the usual way, and I intervened because I did not think this bill should be included with them. I thought it should be dealt with separately.

[Mr. Graydon.]

Mr. SPEAKER: Does the hon. gentleman wish the second reading of this bill moved?

Mr. GRAYDON: Yes.

Motion agreed to and bill read the second time.

UNITED NATIONS MUTUAL AID

APPROPRIATION OF $800,000,000 FOR WAR SUPPLIES TO UNITED NATIONS AND OBLIGATIONS UNDER RELIEF AND REHABILITATION AGREEMENT

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide:

1. That sums not exceeding eight hundred million dollars ($800,000,000) be granted to His Majesty for the purpose of making war supplies available to any of the united nations, other than Canada, and of fulfilling any obligations arising out of the united nations relief and rehabilitation agreement;

2. That the governor in council may determine the terms and conditions upon which such war supplies are made available to any of the united nations and may require in certain cases payment or repayment in kind of property or reciprocal action or provision of supplies or other direct or indirect benefit as may be deemed appropriate;

3. That the Canadian mutual aid board be authorized to carry out the purposes of this resolution;

4. That the governor in council be empowered to raise by way of loan under the provisions of the Consolidated Revenue and Audit Act, 1931, such sum or sums of money not exceeding in the whole the sum of eight hundred million dollars ($800,000,000) as may be required for the purpose of defraying the expenditures herein mentioned and for purchasing or otherwise acquiring or procuring war supplies in Canada through the agency of the Minister of Munitions and Supply, the principal and interest of any such loan to be a charge upon and payable out of the consolidated revenue fund.

He said: Mr. Speaker, the essential purpose of this resolution and the bill which will be based on it is simply to extend the scope of the Mutual Aid Act to include the provision of relief supplies to UNRRA and to appropriate $800 million to carry on our mutual aid programme. The borrowing powers which are added are normal provisions of all our war appropriation measures.

Parliament last year overwhelmingly approved the principles of our Mutual Aid programme. Parliament has already this year—with practical unanimity—approved Canada's participation in UNRRA and the principle of using Mutual Aid funds to make this possible. I believe parliament and the vast majority of Canadians approve these

principles now more than ever before. The events of the last few days have brought home to all of us the critical nature of the present phase of the war and the vital importance to all our forces of full supplies of the best fighting equipment. Our Mutual Aid programme has helped substantially to arm the British forces that fight side by side with our men in Normandy, in the channel, and in the skies of France. Mutual Aid has been helping to arm the Russian forces whose achievements have made victory possible and kept many Germans from being ready to destroy our forces landing in France. Mutual Aid is helping to rearm the French forces, so that they may fight effectively alongside our men and others—as in Italy—in the liberation of their countrymen whose spirit has stood fast against many terrors during the last four long years. Mutual Aid has been helping the Australians to drive the Japanese back from island to island in the Pacific. Mutual Aid supplies for our long-suffering friends in China have recently arrived in India and will go through to China by air or by land, as soon as that is possible. Mutual Aid supplies are flowing to all the major fronts. They are enabling Canadians working here at home to give the strongest possible support to our men in uniform by strengthening their comrades in arms and thereby contribute most effectively to the speeding of victory.

The essential purposes and principles of Mutual Aid remain as they were determined by this parliament last year, with only the addition that we propose to include in Mutual Aid the provision of essential relief supplies to our liberated allies. These will be contributed through UNRRA, the democratic, international organization that has been created for this purpose.

The general principle of mutual aid is now well established among the united nations. The United States pioneered in the field with the enactment of the lend-lease act even before she entered the war. The lend-lease principle has now become not only a great "weapon for victory," but a household word and a landmark in relations between nations. Britain has applied the lend-lease and mutual aid principle in providing military supplies to various allies requiring aid from her. Australia and New Zealand, while originally on the receiving end of lend-lease, are now providing reverse lend-lease to the United States on a scale which is very large in relation to their population and resources. The acts of our own parliament occupy an honourable place in the evolution of this new and sensible form of inter-allied relationship. Our Mutual Aid programme is an important part of a larger whole.

The main purpose of Mutual Aid is to ensure that Canada's war production—made possible by the bounty of nature, the hard work of our people, and our good fortune in being far from battles and bombs—is used most effectively in the common cause, in accordance with the strategic needs of the war. It is intended to make this most effective use of our production possible without the creation of huge inter-allied debts, which would burden commerce after the war and prejudice a just and enduring peace.

The ways in which these purposes have been accomplished and the principles of Mutual Aid put into practice are made evident in the report of the Mutual Aid board, covering its operations up to March 31 last, which my colleague, the Minister of Munitions and Supply (Mr. Howe), as chairman of the board, has tabled this afternoon. I shall not attempt to recapitulate the detailed information in the report, nor to summarize it, in moving this resolution. I wish to refer to some parts of it, however, in commenting on a few of the major questions that are relevant to our present discussions. The Minister of Munitions and Supply, as chairman of the board, is in charge of the administration of its work and will be able, if necessary, to provide further information to the house.

The Prime Minister (Mr. Mackenzie King), on March 16 of this year, tabled in the house the general Mutual Aid agreements which Canada had entered into with Britain, the Soviet Union and Australia. Later the agreements with China and the French Committee of National Liberation were also tabled. These agreements, which are practically identical in form except for minor adaptations to fit special circumstances in the case of the Soviet Union, set forth the general terms and conditions upon which Mutual Aid supplies are furnished by Canada to her allies. The Prime Minister himself explained the nature and purport of these agreements when he first tabled them, and called attention to several important aspects of them. A copy of the agreement with Britain is appended to the report of the board, and the others are in practically the same terms. This agreement itself is short and quite easily understood. I believe, therefore, that I need not attempt to enter now upon any exposition or explanation of these agreements, or of the terms and conditions upon which Mutual Aid supplies are furnished.

By the time the Mutual Aid Act was finally passed in May of last year, the government had already begun to establish the administra-

tive organization necessary to put it into effect. The board began immediately to work out the new arrangements with other countries which would be necessary as a consequence of its operation. However, it took longer to put the Mutual Air plan into effect than we had expected, because of two essential features of the plan. The first was the principle that we would contribute actual supplies rather than money to the countries receiving aid. The second principle was that we would make arrangements directly rather than indirectly with countries receiving aid. In order to contribute actual supplies, it was necessary for the board to arrange to have these supplies produced and purchased on its direction and for its account, and then to transfer the supplies to the recipient nation. The principal changes required were in the operations of the Department of Munitions and Supply, which had formerly been acting as an agent of the British and other governments, and which now had to become in effect a dealer in war supplies, having them produced at the direction of the board, which took title to them, paid for them on delivery, and then turned them over to the recipient country. To put those new principles into practice it was necessary for the Department of Munitions and Supply to take over the great bulk of all the thousands of war contracts placed by the British government with Canadian producers through the agency of the department in the past. This was a formidable task, involving much legal, administrative and accounting work. The take-over of these British contracts went into effect on September 1. The corresponding date for the take-over of Australian contracts was October 1.

To establish direct arrangements with Russia, China and the French Committee of National Liberation has also taken considerable time. Not only was it necessary to secure details of the supplies required—which it has been difficult for the French to furnish—but it has been necessary for the board and its various administrative officers and agencies to make inquiries and hold many consultations to verify the essentiality of the requirements, the possibilities of supply and of transport, and to avoid duplication with the programmes of Lend-Lease and Mutual Aid supplies being furnished by the United States and Britain. This administrative work and organization of the board, necessary to carry out the purposes and meet the conditions of the act, are described in the report and I need not go into it here. I would like to assure the house, however, that care is taken to ensure continuing consultation not only with the military and supply authorities in Canada, but also with the various combined boards and other international military and civilian agencies concerned with these questions in Washington and London.

War supplies have been furnished as Mutual Aid to Britain, Russia, China, Australia, India, and the French Committee of National Libertion. Detailed information on the actual supplies furnished to these countries up to March 31 is given in the report—particularly on pages 15, 22, 26 and 29. There is no simple way to summarize those many physical items. In the case of Britain they cover the great range of our production of munitions and military equipment, ships, and food and farm products. In the case of Australia they include air training services for Australian airmen, munitions and aircraft supplies, metals, timber, automotive equipment and other items, as well as the services of Canadian ships required to transport supplies to Australia. In the case of Russia, the major items have been metals, explosives, vehicles, repairs and services to merchant ships and in particular wheat flour, to which the Russians have given a high priority. For China the outstanding items are guns and ammunition—both small arms and light artillery—together with the signal equipment and motor transport necessary to complete the artillery batteries. We have also provided Canadian shipping services to deliver these supplies to the Chinese authorities in India. Supplies had only begun to be provided to the French committee by March 31, but at the present time there are substantial shipments ready in depots to be despatched to the French as soon as final shipping instructions are received from them.

The figures for shipments up to March 31 are not representative of the proportions in which supplies are now moving to the various countries. It took longer to arrange Mutual Aid supplies for Russia, China, the French and even Australia, than it did for Britain, and consequently their total share in shipments has been increasing in recent months. Countries other than Britain will, therefore, receive a larger share of the total Mutual Aid supplies this year than last year.

Mutual Aid expenditures have inevitably lagged somewhat behind the shipment of goods, as the board makes payment to the Department of Munitions and Supply only after delivery, and it takes some time for the invoices to come in and for the necessary verification of accounts. Of course, under war conditions the actual shipment of goods is not held up until the accounts are settled. As a consequence, the value of the war supplies furnished up to March 31 is in excess of the expenditures made—particularly in the case of

supplies for Russia, Australia and China—and there were, of course, outstanding accounts at March 31 remaining to be paid.

The expenditures up to March 31 out of the Mutual Aid appropriation are shown in the table on page 7 of the report. It will be noted that, when rounded off, the figures are approximately as follows:

Expenditures for war supplies transferred to Britain amounted to 724 million dollars, to Russia 23 million dollars, to Australia 21 million, to China 4 million. Relatively small sums of $874,000 were expended to send essential supplies of flour to the West Indies and $482,000 to send wheat to India, to help relieve the famine which developed there last autumn.

In addition, expenditures for war supplies held by the board in transit or storage and to be transferred in future to recipient countries were 139 million dollars.

Expenditures for administration were approximately 25 thousand dollars.

The total of all the expenditures was approximately 913 million dollars.

Out of the billion dollars provided by the original act, there remained therefore at March 31 approximately 87 million dollars. Most of this was expended during April in meeting commitments previously incurred. Ten million of it had been set aside for UNRRA, in accordance with the authorization of parliament in the UNRRA Act which the house passed on April 21.

Considerable detail is given in the report for the expenditures made for supplies for each of the recipient countries. As it is conveniently available to the house and the press, I will not burden the house with it now. In the case of Britain, it will be noted that expenditures of $555 million on munitions and military supplies are classified under 13 headings, while expenditures of $169 million on farm products and foods are classified under 19 headings. In the case of Britain, estimates are also given of the funds which Britain herself has spent in Canada during the year, which exceed quite substantially in total the Mutual Aid expenditures on supplies for Britain. These figures cannot be given in such detail as those for Mutual Aid expenditures, because we do not have the detailed information. I would also like to emphasize strongly that these figures for British expenditures in Canada and the similar figures for British receipts from Canada are only estimates, subject to a margin of error.

I would like to emphasize clearly that these Mutual Aid shipments are not by any means the only war supplies going to the United Nations from Canada. All the countries receiving Mutual Aid, with the possible exception of China, purchased supplies in Canada during the past year. Those able to pay for substantial amounts of supplies have been making substantial purchases. Some nations have been able to pay for all their requirements in Canada, and as a consequence they have not requested assistance under the Mutual Aid Act. Our sister dominions, South Africa and New Zealand, though obtaining substantial quantities of war supplies from Canada, have not asked to secure any portion of them as Mutual Aid. It is possible that some countries, because of new developments—perhaps because they will need more from Canada or because their ability to purchase will be less—may make application for the first time this year.

The board has followed the policy of providing as Mutual Aid only what the recipient countries were unable to pay for in Canada. As far as a country is able to pay, it buys what it requires. In the case of Britain and, indeed, in the case of all the other nations in the sterling area, their purchases during the year ended March 31 have substantially exceeded the value of supplies provided to them under Mutual Aid.

Mr. GRAYDON: Do we determine which country can pay and which cannot?

Mr. ILSLEY: Yes, we know pretty well.

Figures are given, as I have already indicated, in the report to show how this has worked out in the case of Britain. The table on page 19 shows the estimated payments to Canada by the United Kingdom in the year in question under various headings. It will be noted that payments for munitions and military supplies amounted to 353 million dollars. A further quantity of munitions, as indicated in the footnote to the table, estimated to amount to about 90 million dollars in value, was purchased in effect by Britain through drawing upon the funds which she had previously paid into the munitions production revolving fund, which was used for financing the production of munitions in government-owned plants in Canada. I will not burden the house with the other items in this table, but I would call attention to the fact that Britain purchased from Canada during the year a larger value of foodstuffs than we provided to her under Mutual Aid. I would also point out that metals, lumber and certain other products for Britain were all purchased rather than included in Mutual Aid supplies, mainly because of administrative reasons. It was not considered desirable to extend the Canadian procurement machinery, particularly that of the Department of Munitions and Supply, unnecessarily into the purchase of goods which Britain had previously been obtaining directly from Canadian contractors.

The sources from which Britain derived the funds to make the purchases which I have described and other payments to Canada are shown in the table on page 19 of the report. It will be noted that roughly half of the funds Britain obtained during the year and used in Canada came from payments made in Britain and to the British government by the Canadian forces overseas. These payments, as the hon. members will note if they compare this table with the one given in *Hansard* last year, were more than double the corresponding payments made in the previous fiscal year. I would expect a further substantial increase in the current year now that our forces are engaged in intensive operations. I should also call attention to two other sources of funds which enabled Britain to purchase supplies in Canada. It will be recalled that last year we undertook to buy out the interest of the British government in Canadian war plants. Part of the transaction took place before April 1, 1943, but 165 million dollars were paid to the British government in the early months of the last fiscal year. There is another and somewhat more complicated group of transactions described in the report as "Cash withdrawals from working capital funds formerly advanced to the Department of Munitions and Supply and contractors". When the Department of Munitions and Supply was acting as the agent of the British government in placing contracts in Canada, the working capital required for the production of supplies for Britain was furnished by the British government, and amounted to quite considerable sums. When, however, the various British contracts were taken over by the Department of Munitions and Supply and became Canadian contracts from which deliveries could be made either to Britain, or to Canadian forces, or to any others of the united nations, the Department of Munitions and Supply took title to all the goods in process and itself provided the working capital funds required to finance the production of the goods in question. The British government was therefore able to use the working capital which it had formerly advanced to make current purchases during the year.

The new element in this year's mutual aid bill, which will be based upon this resolution, is the extension of Mutual Aid to cover Canada's contribution to the united nations relief and rehabilitation administration—or UNRRA, as it is called. The house is already familiar with the nature, purposes and activities of UNRRA, which were discussed in April when the house passed the act approving Canada's participation in UNRRA and ratifying the international agreement by which the organization was established. I do not propose, therefore, to attempt to explain to the house the way in which UNRRA is organized nor any details of its operations or proposed operations. The parliamentary assistant to the President of the Privy Council, who dealt with many of the questions in the earlier debate, will be able to answer further inquiries regarding UNRRA which may come up in discussing this resolution or the bill.

From what has already been said in the house, I think we are all—or nearly all—agreed upon the essential importance of providing aid and relief to our allies, who have suffered so greatly under the occupation of the enemy and from the immediate effects of hostilities in their homelands. We recognize, too, that we in Canada have food and clothing and medical supplies which can be furnished to our liberated allies to help them over the very difficult period before they are once again able to provide for themselves.

It is appropriate to note here certain points concerning the size and nature of Canada's contribution to UNRRA. While some of the countries receiving relief will be able to pay for it in foreign exchange, many will not be able to do so—and what they are able to pay to UNRRA in their own currency will likely be needed in part for local expenses and in any event cannot be converted into dollars, or used to purchase supplies abroad. Consequently it was provided in the agreement establishing UNRRA, which the house has approved:

> In so far as its appropriate constitutional bodies shall authorize, each member government will contribute to the support of the administration in order to accomplish the purposes of article 1, paragraph 2 (a) (i.e., the provision of relief). The amount and character of the contributions of each member government under this provision will be determined from time to time by its appropriate constitutional bodies. All such contributions received by the administration shall be accounted for.

At the first meeting of the council of UNRRA last November, the method of determining the contributions of members was carefully considered and the council made the following recommendation, which was supported by the Canadian delegates who had consulted the government on this matter:

> As to the amount and character of the contribution of each member government, to be determined by its constitutional bodies as provided for in article V of the agreement, the council recommends that each member government whose home territory has not been occupied by the enemy shall make a contribution for participation in the work of the administration, approximately equivalent to one per cent of the national income of the country for the year ending June 30, 1943, as determined by the member government.

The council recognizes that there are cases in which the recommendation above may conflict with particular demands arising from the continuance of the war or may be excessively burdensome because of peculiar situations, and therefore recognize that the amount and character of the contribution recommended is subject to such conditions.

In accordance with this recommendation, we are proposing to make a contribution to UNRRA equal to one per cent of our national income for the twelve months ended June 30, 1943. I have obtained from the dominion bureau of statistics an estimate of our national income—and I would emphasize that it can be only an estimate—for this period, which they have compiled in such a way as to be as comparable as possible with the estimate prepared for the United States by the United States department of commerce, on which the contribution of the United States is to be based. This estimate of our national income turns out to be approximately 7,615 million dollars. Based upon this estimate, we are proposing to make a contribution to UNRRA of 77 million dollars. Already parliament has authorized the government to provide an amount up to ten million dollars from the Mutual Aid appropriation of last year, and the appropriation now being asked under this resolution will enable us to make our total contribution in the figure I have indicated. I should point out to the house that the council of UNRRA has recommended that not less than ten per cent of the amount contributed by each member government shall be in such form of currency as can be expended in areas outside the contributing country, and that the balance shall be in the form of a credit in local currency which will be available for the purchase of the contributing country's supplies and services. Therefore we shall be providing to UNRRA ten per cent of our contribution in a form which UNRRA can transfer into foreign exchange if it so desires.

In extending our Mutual Aid Act to include the provision of relief supplies to our liberated allies we shall be extending the purpose for which supplies are furnished under Mutual Aid to include not only the effective prosecution of the war but also the securing of a just and enduring peace. Already Mutual Aid, as I have shown, has contributed and is contributing to the winning of victory. We can look forward with hope and confidence to the role which Mutual Aid will play, through our contributions to UNRRA, in relieving the human suffering which the war has caused and in helping by constructive measures truly to secure a just and enduring peace.

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

Mr. GRAYDON: What yardstick does the government employ in arriving at the amount of $800,000,000? I take it that the $800,000,000 asked for by this resolution will, of course, be reduced so far as Mutual Aid is concerned by the amount which is included for UNRRA. I was curious to know how the government arrived at this particular figure when on the previous occasion the figure was some $200,000,000 more than that. The UNRRA provision I fancy would run from somewhere between $90,000,000 and $100,000,000, provided that one per cent of the national income was the basis, as the agreement called for, on which this country was making its contribution.

Mr. ILSLEY: Our contribution to UNRRA will be $77,000,000.

Mr. GRAYDON: I have read somewhere that it might reach something like $90,000,000, which would mean, of course, a reduction from the $800,000,000 in the actual amount spent for Mutual Aid. Would the minister enlighten the committee on this point?

Mr. ILSLEY: I cannot give nearly as satisfactory a reply as I should like to. The amount of $800,000,000 was decided upon some months ago, after taking into account a large number of uncertain factors, such as the probable requirements for the next twelve months or thereabouts of Great Britain, Russia and Australia, which are the large recipients of Mutual Aid. Their requirements in Canada may fall off sharply or they may not; they may increase.

Another factor in the situation—I cannot pretend to give all the factors now—is the expenditures which we shall be compelled to make on account of our forces in Great Britain and on the continent of Europe. If those expenses are very great; if they go up to a very considerable extent, then to the extent that they do, that increases the amount required under the War Appropriation Act and reduces the amount required under the Mutual Aid Act. The situation is one of those very uncertain ones where it is impossible to select a figure that will be mathematically or scientifically correct. I think about the best I can say is that we thought at the time we were giving consideration to this, $800,000,000 would be as appropriate a figure as any. There is no doubt that our expenditure will go up owing to the intensive operations of our services overseas and therefore there will be a big drain on our war appropriation, which should relieve our Mutual Aid, but I am not prepared to say that there will not be a gap there. This is not one of

the finance department's accurate estimates at all, because no accurate estimate is possible.

Mr. GRAYDON: You would not want to say that it is one of their inaccurate estimates?

Mr. ILSLEY: I have not heard of any of those.

Mr. GRAYDON: I do not think you have.

Mr. KNOWLES: Mr. Chairman, I understand that it is the desire of the minister to introduce to-night the bill based on this resolution, but that he is quite prepared to wait until to-morrow for the second reading.

Mr. ILSLEY: Yes.

Mr. KNOWLES: In that event I shall defer any general remarks that I have to make until that time, but at this stage perhaps this might be said. We believe that Canadians generally are proud of the ability of our country to do the things provided for under this measure. It is true that the measure highlights certain principles to which we shall call attention when the bill is before us, but we are quite prepared to agree to the passing of the resolution now.

Mr. ADAMSON: Who passes on the essentiality of the shipments?

Mr. HOWE: The combined chiefs of staff have that responsibility under the legislation. If it is army material a certificate is given by the chief of staff of the army, and if it is navy material, by the chief of staff of the navy.

Mr. ADAMSON: Does all material, irrespective of whether it is for the United Kingdom or for other of the united nations such as Russia, China, Australia or other dominions, have to pass through the chiefs of staff committee, and is the chiefs of staff committee the Ottawa or the Washington committee?

Mr. HOWE: I am referring to the Ottawa chiefs of staff committee. The Mutual Aid board in Ottawa works very closely with the Lend-Lease administration in Washington, the purpose being to see that shipments to a single country are not duplicated as between our two countries. The shipments are cleared by all interested agencies. There have been occasions when the chiefs of staff committee in Washington has been consulted, as in the case of China; but ordinarily, particularly with respect to theatres where Canadian troops are fighting, essentiality is certified by our own chiefs of staff.

Mr. ADAMSON: The minister mentioned China. Who passes on the essentiality of a shipment to China? Do we have an agreement that the chiefs of staff committee in Washington or Ottawa shall pass upon that? Incidentally, can the minister say if we have made any shipments to China in view of the tremendously upset state of that country since the Japanese advance?

Mr. HOWE: Yes; China is a Mutual Aid country. We have made three shipments altogether. The shipments are made to India with the understanding that the material will be flown into China, and they have met with the approval of Lend-Lease administration in the United States.

Mr. ADAMSON: Is Stettinius the chief?

Mr. HOWE: He was the chief. He is no longer. I am not sure who occupies that position to-day. In any event, we have a joint committee in Washington, composed of men from United States agencies engaged in similar work, who meet with our own committee charged with that responsibility in Washington. The combined chiefs of staff pass on shipments to China, in view of the disturbed situation mentioned by my hon. friend.

Mr. ADAMSON: I am anxious to understand the machinery. Suppose we have a shipment to China or Russia; how does the machinery work? The question is interesting. We co-ordinate our shipments with the Washington committee on Lend-Lease, so that we do not either duplicate or ship too much of one material, and we ship independently of the Washington committee. Is that the procedure?

Mr. HOWE: I hardly understand my hon. friend. After the material has been certified as suitable for shipment; after our own armed forces have agreed that there is strategic necessity for the shipment, and after the Washington committee has found that it is not a duplicate shipment, and that the material is required, it is shipped by Canada.

Mr. HANSELL: This resolution is very similar to those that we have passed in bygone years since the introduction of the Lend-Lease principle has come into our economy, and, of course, particularly in time of war we all desire to aid other countries by supplying them as far as we possibly can with necessary munitions of war and foodstuffs. On that account it seems to me that the measure is admirable. As we have passed the bills in days gone by, and coming now to this resolution, I cannot help thinking that there is involved here a principle which we so often hear opposed, namely, the idea of giving something for nothing. I wish I had thought of this Mutual Aid resolution when talking the matter over with the Minister of

Labour the other day when he referred to the principle and said that he had held all his life the belief that one should never give something for nothing. The fact of the matter is that in this $800 million provision what we are actually doing is giving a large part of it away to other countries. Of course, it has to be bought, but it is bought by ourselves through a certain process of lending. As I understand it, in the passing of this resolution, and of the bill which will follow, we are giving the government power to raise by way of loan under the provisions of the Consolidated Revenue and Audit Act an amount in the neighbourhood of $800 million. It means that a very large portion of that will be an expansion of our own credit here and will be a bill chalked up against the Canadian people.

I am not going to oppose that either. As far as I am concerned, perhaps there should be more of it done, because we all recognize that after there is an expansion of credit in our internal economy it is reflected in the prosperity of the people, since the people share in that expansion of credit. It goes into their pockets in one way or another and they are better off. Where the rub comes is that if it is ever to be paid off the people of Canada will have to pay it. If it goes into the debt structure of the country and is handled by a process of refunding, the debt may remain for centuries, and even then the Caandian people will be called upon to foot the bill, so far as interest is concerned.

I hope we shall not hear so much, in connection with any proposals made from this group, about the principle of giving something for nothing, because this is a measure which entertains that principle. It is giving something for nothing to other countries. We could reverse the order, if this country ever found it necessary to do so, and do the same thing, only instead of shipping goods out, we could make them available to our own people.

I am quite conscious of the fact that many of these goods may be regarded as surplus. If we have a very fine crop of wheat this year I do not know whether that commodity will be included, but there is no harm that I can see in giving away goods to these countries that need them. The only thing is that we pay for them here in one way or another. As a matter of fact, when we do something of this kind the country is richer financially though, of course, it is poorer as far as actual wealth goes, because whenever you export you send out real wealth. You may expand your credit and be financially better off, but when you do so there is a corresponding debt.

I would ask the minister a couple of questions. Just what is the meaning and what is the force that he attaches to the word "mutual"? I do not think I have that properly analysed in my own mind. Do I understand that it is a Mutual Aid bill in relation to other countries doing the same thing? If that is so, I would couple another question with that one. I should like to compare anything we are doing with what perhaps the United States is doing, and to know how it works out on a per capita basis, if that is possible. We have twelve million people in Canada who are now offering to supply $800,000,000 worth of goods to other countries. How does that work out on a per capita basis, and what is the United States' share in this Mutual Aid idea? If twelve million people in Canada are responsible for the sending out of the country of $800,000,000 worth of goods and if it is really Mutual Aid, it would appear to me that the United States would have to send a lot more than that. The hon. member for Red Deer reminds me that it would amount to something in the neighbourhood of $8,000,000,000. I should like the minister to answer these questions. I am pleased to concur with others in allowing the first reading of the bill to go through, provided that we discuss it on second reading to-morrow. That will give us an opportunity to read, analyse and digest the statement made by the minister and the report which was tabled to-day.

Mr. ILSLEY: It would appear to me that the use of the word "mutual" is justified in two ways. In the first place, assuming that nothing was to be returned in a material way, I would consider that if this country contributed $100,000,000 worth of supplies to the Soviet Union, and the Soviet Union carried on a joint and effective prosecution of the war, we would be aided by the Soviet Union and we would be aiding the Soviet Union. Therefore I think aid is mutual. It will be remembered that the carrying on of the joint and effective prosecution of the war by a recipient of Mutual Aid was to be regarded as sufficient consideration for the furnishing of the aid, and therefore mutuality is established. But mutuality may be established in another way. I think that will be apparent from the agreement which is found in the appendix to the report of the Canadian Mutual Aid board, which was tabled this afternoon. The recipient undertakes certain obligations in respect of the supplies and in respect of the attitude, and I was going to say policy which he will follow.

Mr. HANSELL: That will be explained in the report?

Mr. ILSLEY: Yes.

Mr. HANSELL: I shall read it over.

Mr. ILSLEY: That would be my explanation of the word "mutual". It is used in two senses, both of which justifies its use. The amount of total Lend-Lease aid by the United States of America from March, 1941, to March 31, 1944, is $24,224,806,000.

Mr. STIRLING: To all countries?

Mr. ILSLEY: To all countries, yes.

Mr. STIRLING: If I understand page 19 of the report aright, it is an attempt to balance what Canada supplies the United Kingdom against what the United Kingdom supplies to Canada. That is right, is it not?

Mr. HOWE: Britain pays all it can for its procurement in Canada. Mutual Aid is intended to take care of the remainder. It did that last year. This year it will fall somewhat short of doing so. Britain pays all the Canadian dollars that are available in the sterling block, including Canadian payments for provisions and weapons for our troops and capitation charges involved in keeping our troops in Europe, as well as the cost of aeroplanes that we buy from Britain. Those funds are used in Canada to purchase food and weapons for Britain; but in addition to that, Britain has a share of Mutual Aid funds. There the *quid pro quo* is the fact that Britain is actively prosecuting the war in defence of the empire.

Mr. STIRLING: Does that not tail on to what I have just said, that an attempt is made on page 19 to balance certain items? Besides that, on pages 17 and 18 we have those other amounts to which the minister has just alluded, $554,720,000 and $169,034,000 for food supplies. I take it that those are the amounts outside the mutual feature of this arrangement that the United Kingdom has not succeeded in paying for; is that not so?

Mr. HOWE: The position is that the United Kingdom purchased for cash munitions and military supplies to a value of $353,000,000, and received, under Mutual Aid, munitions and supplies including ships to a value of $554,720,000. That is the story of munitions. The story of food is that Britain purchased in Canada food supplies to a value of $252,000,000, and paid cash for those purchases. She received, under Mutual Aid, foodstuffs to the value of $169,034,000.

[Mr. Ilsley.]

Mr. STIRLING: The $353,000,000 and the $252,000,000 at the top of page 19 form the first two items of what I take to be an attempt at balancing?

Mr. HOWE: No. Those are two items. Britain bought munitions and military supplies to the value I have indicated; food supplies to the value I have indicated. Britain also bought and paid cash for base metals to the value of $150,000,000; lumber and other wood products, to the value of $96,000,000.

Mr. STIRLING: Making a total of over $1,000,000,000?

Mr. HOWE: Yes; that is right.

Mr. STIRLING: Then the next set of figures appear to be an attempt to balance that?

Mr. HOWE: Yes; that is right.

Mr. STIRLING: The mutual one is $534,000,000. The wording attached to it is what puzzles me. This is the way it reads: "From payments by Canadian forces overseas." I thought the $534,000,000 represented the expenditures that the United Kingdom took care of for our troops overseas.

Mr. HOWE: That is correct. The table on page 19 of the report shows the sources from which the United Kingdom gets the Canadian dollars to pay Canada. It gets them from British exports to Canada, $101,000,000; receipts of Canadian dollars for freight services, $38,000,000; from interest and dividends, $59,000,000; from other current receipts, $38,000,000; from capital receipts, less capital payments not shown elsewhere, $27,000,000; from payments by Canadian forces overseas—

Mr. STIRLING: That is the one.

Mr. HOWE: That is money that we pay into Britain's account here in Canada to offset the account for sterling in the United Kingdom, which sterling is used to look after our troops, feed them, provide them with munitions, arising out of the capitation charges for the troops in the field.

Mr. NOSEWORTHY: On page 8 of the report I find this statement:

> In the agreements which the nations receiving Mutual Aid have concluded with Canada there is provision for Canada receiving such reciprocal aid as may be determined from time to time in the light of the development of the war.

What is the meaning of this at the present time?

Mr. ILSLEY: The agreements provide that Canada may obtain as reciprocal aid such articles, facilities, services or information as the nation receiving Mutual Aid is in a

position to supply and as may be determined by common agreement in the light of the development of the war. This provision will be of benefit to us should the war develop in such a way that at some time in the future we require a greater value of goods and services from any of the countries receiving Mutual Aid than they require from us. In such circumstances we would be able to request reciprocal Mutual Aid. Up to the present, however, we have not needed to obtain reciprocal aid in goods and services, because all the countries with which we have been concerned have needed a much larger value of supplies from us than we have needed from them. To have requested them to provide us, as reciprocal aid, with part of the supplies we purchase from them at the present time would only reduce their ability to buy from us and increase the size of the excess to be provided by Mutual Aid.

Mr. NOSEWORTHY: What was the year on which the minister said the bureau of statistics based our national income at something over seven billion dollars?

Mr. ILSLEY: For the twelve months ended June 30, 1943. I should have made it clear that this basis as nearly as possible is the same as that which is used by the United States in regard to their national income, on which their contribution to UNRRA is based.

Mr. NOSEWORTHY: It is for the same year?

Mr. ILSLEY: Yes. In connection with reciprocal aid I should say that we have obtained some. At page 8 of the report of the Canadian Mutual Aid board the hon. gentleman will find the following:

> The United Kingdom on its own initiative has given Canada reciprocal aid in the form of six destroyers for the Royal Canadian Navy, and has announced its intention to provide Canada with two cruisers and other ships in the near future. The United Kingdom since early in the war has been providing without charge the armament for many of Canada's merchant ships.

The general picture, however, is as I have stated it; the requirements of the other countries from us have been so much greater than our requirements from them that the reciprocal aid provisions have not been brought into play to any extent.

Mr. NOSEWORTHY: Does the minister know if any Mutual Aid has been requested by or granted to Newfoundland under this arrangement?

Mr. ILSLEY: Neither requested nor granted.

Mr. NOSEWORTHY: Does the minister know whether aid has been granted by the United States under Lend-Lease?

Mr. ILSLEY: Yes, I understand there has been some.

Mr. ADAMSON: Have any goods been supplied under the Mutual Aid plan for the rehabilitation of devastated areas? I have in mind particularly Russia, where I understand some rebuilding is now going on. This is one of the problems we shall meet in the rehabilitation of the devastated areas. Would the equipment for that work, which we shall have to do or at least help and support, come out of this fund?

Mr. HOWE: The Mutual Aid is purely for war, material and supplies used for war purposes. There are other provisions for looking after devastated countries. Of course the UNRRA provision is definitely for that purpose. In addition, there is military aid, which will be given during the period when the army will be in charge of relief and rehabilitation; in the months immediately succeeding the occupation. Canada participates in UNRRA, as my hon. friend knows, and arrangements are being made to the end that Canada will participate in fair proportion with other countries in the work of military relief.

Mr. JACKMAN: Would the minister explain exactly how the shipments to these various countries originate. Is it by application from these countries; does that application go to the joint board of which the minister spoke? I ask this question because I understand some offers of assistance were made to certain areas, perhaps in particular to Bermuda and the West Indies, which offers were refused by those countries because they had means of their own and wished to pay for whatever they got. I should like to know exactly what procedure is followed in granting this largesse, if I may so call it, to other countries.

Mr. HOWE: The usual procedure is that the country desiring Mutual Aid makes application to the Department of External Affairs. The qualifications for Mutual Aid are checked by external affairs and by the treasury department and the country is approved as a recipient of Mutual Aid. After that, applications for specific items are filed with the administrative officer of the Mutual Aid board. Such items are cleared by him with the agencies in Washington and with our own chiefs of staff as to essentiality, and if approved in both quarters they are submitted to the Mutual Aid board in Canada for approval. After that, orders are placed through the Department of Munitions and Supply in the

case of munitions, or through the Department of Agriculture or the Department of Trade and Commerce in the case of foodstuffs. In most cases deliveries are made at a port in Canada. Goods for China, however, are delivered to their destination by Canada.

Mr. JACKMAN: The information I had came to me from quite good authority and I should like to know from the minister—

Mr. HOWE: As to the West Indies? I may say that the West Indies are purchasers of supplies in Canada, particularly wheat and foodstuffs, which they have purchased year in and year out. The increase in shipping rates from Canada through the Mediterranean added greatly to the cost of those foodstuffs in the West Indies. Looking at the problem as a whole; bearing in mind that Canada was sending flour to the United Kingdom and that the United Kingdom was sending back a certain amount of flour to the West Indies, it seemed reasonable that instead of Mutual-Aiding all the flour to Britain, we could Mutual Aid a certain amount of flour to the West Indies. The offer was made to the West Indies as a whole and was gladly accepted by most of the islands. One or two felt that they did not require the aid and declined, but we did ship a fair amount of flour to the West Indies under Mutual Aid, and I think we were quite justified in doing so under the circumstances.

Mr. JACKMAN: I am not objecting to Canadian flour being sent to the islands which need it and are not in a position to pay for it in dollar currency. Nevertheless the minister has just admitted that we offered flour to certain of the islands in the West Indies, which offer was declined. I do not see how that ties in with his former statement that these supplies are delivered after an application is made by the requesting country, which application must be cleared by external affairs, then by the finance department, and finally approved by the joint council. Here we have actual instances of the money of the Canadian taxpayers being offered, in the form of our good wheat and other supplies, to certain recipients who have said that they were quite able to take care of themselves, that they did not wish any free gifts but were quite prepared to pay for what they got. I do not know why the administration of Mutual Aid should adopt such a procedure with the taxpayers' money.

Mr. HOWE: Perhaps I was not quite correct in my facts. The first approach from the West Indies came from the largest of the islands of that group. There was a request for Mutual Aid by way of flour from Canada. We have the same relationship to all the British West Indies, and it was felt we could hardly meet one request without making an offer to all the West Indies.

Mr. JACKMAN: Even if you have a request from one, and not from the others, you decide you must make the same offer to all?

Mr. HOWE: We felt that way. Perhaps my hon. friend would have done it differently. However, that does not alter the fact that we did it in that way.

Mr. ILSLEY: I would point out that the taxpayers of Canada were not adversely affected by the offer, nor would they have been by an acceptance of the offer.

Mr. JACKMAN: As I understand it, a particular island, or islands, actually paid for it. Whether they paid for it in United States currency, which they had available, or whether they preferred to pay for it by giving us sterling credits which would eventually be available for spending by Canadians in that area, I do not know. But if it was paid in either of those currencies, certainly the Canadian taxpayer is much better off.

Mr. ILSLEY: It would be paid for in Canadian dollars obtained from Great Britain, thereby lowering the pool of Canadian dollars in Great Britain, and necessitating a larger amount of Mutual Aid to that country.

Mr. RAYMOND: To what countries have we contributed in connection with Mutual Aid?

Mr. ILSLEY: Great Britain, the United Kingdom, the Union of Soviet Socialist Republics, Australia, China, India, the West Indies and the French Committee of National Liberation.

Mr. RAYMOND: Could the minister explain in what way Great Britain has contributed to Canada? I understand it is Mutual Aid?

Mr. ILSLEY: Yes.

Mr. RAYMOND: Then, as the hon. member who sits next to me said a moment ago, if it is Mutual Aid it should be mutual. Otherwise it would be just on one side. What is the contribution by Great Britain toward Canada?

Mr. ILSLEY: I do not think we have done any more for Great Britain in this war than Great Britain has done for us. The hon. member may have a different view about it, but I do not think so. I explained fully to the hon. member for Macleod, I thought, the basis for the use of the word "mutual". It is based upon the fact that when a nation sends its

men out, and those men lose their lives, they are doing something for the common cause—just as we are, when we make machines, and so on, and contribute them to the war. If the hon. member suggests that it must be machine for machine, then it is the same as dollar for dollar, and the whole principle of Mutual Aid or Lend-Lease disappears from the picture entirely. Nations have been trying to get away from this idea of cash on the barrel-head, and material value for material value. They have reached the place where they think that if we are to win this war we have each to do everything we can in our own countries.

Mr. RAYMOND: So that when Canadian soldiers are fighting in Europe they are still contributing to Mutual Aid. It is another kind of contribution; is that correct?

Mr. ILSLEY: They are making a contribution to the joint cause, of course.

Mr. RAYMOND: And if I understand correctly, the minister said that the Mutual Aid coming from Great Britain or from Russia is because they defend liberty, and so on. Is that correct?

Mr. ILSLEY: That is part of it; but they also undertook certain obligations under the agreement.

Mr. RAYMOND: Well, when Canadian soldiers are fighting on the other side, they are still contributing to Mutual Aid—

Mr. ILSLEY: Oh, well—

Mr. RAYMOND: —besides this item of supplying munitions and goods; is that correct?

Mr. ILSLEY: They are contributing to the common cause; there is no doubt about it.

Mr. MACKENZIE (Vancouver Centre): To our own defence.

Mr. RAYMOND: But this is another contribution, is an additional contribution; is that correct?

Mr. ILSLEY: Yes.

Mr. RAYMOND: That is all I want to know; I just wish to have it clear.

Mr. FRASER (Peterborough West): In the event of a country asking for Mutual Aid in respect of food products, how does the government, or the board in charge go about procuring those products? Let us suppose that one or two companies advertised in the country to which the food was to be sent. Would the board ask the companies which made that food, to supply it, or just those companies which had exported it in the past?

Mr. HOWE: The combined food board, and our Department of Agriculture handle purchases of that type. I may say, however, that so far as the United Kingdom is concerned, all trade names have been barred for the duration of the emergency. The packages are all stamped with the Canadian Mutual Aid emblem, and, so far as the board is concerned, that is the only emblem required.

Mr. JACKMAN: What is the emblem?

Mr. HOWE: The maple leaf, with the name of "Canada" printed in four languages.

Mr. ADAMSON: There is no consideration, is there, with respect to Italy so far as Mutual Aid is concerned while she is theoretically a co-belligerent?

Mr. HOWE: No. She is not an ally.

Mr. NOSEWORTHY: At page 24 of the report of the Canadian Mutual Aid board we find a chapter dealing with the French Committee of National Liberation. We find this statement:

> Shipment of these army stores is scheduled to commence early in the fiscal year 1944-45.

Have shipments gone forward?

Mr. HOWE: There was some delay in making contact with the French Committee of National Liberation, with the result that only one or two shipments, comprised chiefly of naval guns, have gone forward. However, a major shipment is about to leave at this time.

Mr. JACKMAN: I was interested in the remarks of the Minister of Finance a few minutes ago, and I may have something further to say later on. Would it be convenient for him to give the specific item and the total amount of securities, gold and other assets we took over from Great Britain in order to pay for what is now called Mutual Aid. I think we started by taking over $250,000,000 in gold outside the ordinary trading account. Could the minister give the items, showing the securities in gold, and other forms, taken from Great Britain since the war started.

Mr. ILSLEY: The hon. member knows that the main item is the repatriation of securities.

Mr. JACKMAN: Yes.

Mr. ILSLEY: He wishes to know what there is in addition to that?

Mr. JACKMAN: Yes, just the major items.

Mr. ILSLEY: There was about $700,000,000 worth of securities officially repatriated; that is, by the British government and transferred to Canada officially. There was an unofficial

repatriation of about $100,000,000 more; that is, the sale of securities in Canada. There was some gold as well.

Mr. JACKMAN: $250,000,000.

Mr. ILSLEY: There was $250 million in gold in 1939 and 1940 and $165 million in gold in 1943.

Mr. JACKMAN: What was the total of Canadian government and government guaranteed securities? Was it just $700 million? I think it ran to larger figures than that. Then you have the loan from Canada of $700 million against the pledge of specific collateral. How much was that and what was it worth?

Mr. ILSLEY: The figures about the securities are approximately correct, $800 million altogether.

Mr. JACKMAN: That is government and government-guaranteed securities.

Mr. ILSLEY: There were $700 million of government and government-guaranteed, and $100 million would be something else.

Mr. JACKMAN: War assets.

Mr. ILSLEY: There were the British investments in factories in Canada, $205 million.

Mr. JACKMAN: What is the status of the $700 million loan which we made to Britain against the pledge of certain collateral securities, which, if sold, were to be returned to Canada?

Mr. ILSLEY: This obligation of $700 million which Canada holds has been reduced to some extent by the sale of securities by the United Kingdom. It was agreed that the proceeds of any sales or redemptions would be applied to the reduction of the loan.

Mr. JACKMAN: What is the approximate market value of the $700 million to-day? I understood it was made up of stocks rather than bonds. I presume that the collateral has fluctuated in value.

Mr. ILSLEY: It is not exactly collateral; it is not a pledge; we have the agreement from the United Kingdom that if they dispose of any of the securities—

Mr. JACKMAN: We would not take more than $700 million.

Mr. ILSLEY: Oh, yes.

Mr. JACKMAN: Nothing over $700 million.

Mr. ILSLEY: Perhaps I do not understand the hon. gentleman.

[Mr. Ilsley.]

Mr. JACKMAN: As I understand it, our government made a loan of $700 million or gave Britain a credit for that amount against the pledge of certain specific securities.

Mr. ILSLEY: That is not it.

Mr. JACKMAN: They were vested in the government of Great Britain by nationals in Great Britain who held them. If any were sold, the amount would go to Canada to redeem the $700 million loan. I may be surmising, but I understood that one reason why we took them over was that owing to our taxation policies the values of these securities, which were mainly stocks, were greatly depressed at the time and it was considered unfair to take them over at low prices. Therefore we agreed upon what was the approximate market value in figuring this loan. Since then, the value of the securities may have increased substantially and I merely wish to know if that is the case.

Mr. ILSLEY: I might be able to get the present market value in Canadian dollar securities, now held in Great Britain.

Mr. JACKMAN: I remember there was some talk last year about Great Britain still having a billion dollars worth of Canadian securities and that they were pledging some of those against the $700 million loan. What is the situation now with regard to Britain's holdings of Canadian securities? I believe the minister said a moment ago that the amount outstanding is still $700 million.

Mr. ILSLEY: That is right.

Mr. RAYMOND: I should like to verify the point I raised a moment ago. This resolution is for the purpose of introducing a bill to provide a sum of $800 million in order to supply war materials to the united nations. Is there any other country which contributes in the same way as we are doing at the present time?

Mr. ILSLEY: Yes. An outstanding example is the United States of America. To date their Lend-Lease contributions amount to $24 billion. In my remarks when the resolution was introduced I referred to the fact that other parts of the British empire furnished large sums by way of reciprocal aid. That is true of Australia, New Zealand and the United Kingdom. The United Kingdom also extends Mutual Aid of her own production to certain other countries, such as Spitfires to Russia.

Mr. RAYMOND: Do I understand that Great Britain uses war supplies received from Canada or the United States to supply Russia?

Mr. ILSLEY: No. The transfer of supplies is referred to in the agreement and it cannot

take place without the consent of Canada. It is not taking place to any extent, although it might be impossible to prevent some from going out. Probably it ought to because it might be the most advantageous use of the goods, but they are not being sold.

Mr. RAYMOND: Were they not sold to Australia a year ago?

Mr. ILSLEY: I think that is so. I think in the first year of our arrangement Great Britain charged Australia sterling for some of the goods that went there, but we regarded that as an internal arrangement in the sterling area. That is not going on now. I understand that that transaction is not completed; it is not finalized, as we say.

Mr. ADAMSON: The goods are not irrevocably earmarked for shipment? If goods are shipped to one country and another country needs them, they can be transferred to the second country?

Mr. HOWE: We can transfer them.

Mr. ADAMSON: Suppose we are making a shipment to China which goes to India and that shipment is needed by the United States authorities; can they take that shipment, or what is the machinery for transferring it? If we had a shipment to Great Britain and Great Britain found she had ample supplies of that particular article but that Russia was short, could the shipment be transhipped to Russia or to any other of the united nations with our consent, without our consent, or by what machinery?

Mr. HOWE: In the case of a shipment to the United Kingdom which the United Kingdom wishes to divert to Russia, the consent of Canada must be obtained. The charge would then be transferred from Britain to Russia. In other words, we would regard it, not as a Mutual Aid transaction with England, but as a Mutual Aid transaction with Russia. The provision of our several agreements is that goods sent to one country under Mutual Aid cannot be transferred by that country to another country. In the case of the last shipment to China, for delivery through an Indian port, an arrangement was made with the Chinese government to the effect that if the material is required for the war in India, Canada shall have the right to divert it.

Mr. ADAMSON: That is an agreement between the Chinese and Canadian governments?

Mr. ILSLEY: I do not want to give a wrong impression about the dealings of the United Kingdom with Australia. I do not know what they are. Since I made the reply that I did, I have been informed by the officials that the goods for which Great Britain charged Australia were goods of Canadian origin purchased by Great Britain in Canada. I am also informed that the transaction is not completed, that there are mutual claims and so forth between the United Kingdom and Australia. I do not want it to go out from this parliament that I am making any statement about these transactions, because I do not know what they were as between the United Kingdom and Australia.

Mr. STIRLING: A good deal of information is given with regard to our dealings with the United Kingdom, what the United Kingdom received and what the United Kingdom gave; but as far as I can make out, similar information is not given with regard to the transactions with other countries. The minister did refer to Australia's contribution being considerable for a country of her population and resources; but in the case of the Union of Soviet Socialist Republics, Australia, China, the West Indies and India, I do not find in this report the contributions which they may make to Canada under their part of the Mutual Aid Act.

Mr. ILSLEY: We have not for Australia and the other countries nearly as complete figures as we have in the case of Great Britain.

Mr. JACKMAN: In regard to brands on any goods shipped abroad under Mutual Aid, I understood the Minister of Munitions and Supply to say that it was the policy of our country and perhaps of other countries under Mutual Aid to ship the goods without any specific brand on them. I do not know that I hold any particular opinion as to the rightness or wrongness of that policy. Where competition either now or post-war may exist as between respective allied countries, there may be very good reason for not putting any brand on, but where the potential competition is between one of the united nations and perhaps another country—let us take the case of Canadian bacon against Danish bacon—I should like to know the reasons behind the government's policy in not being willing to have any of these articles branded for which we are developing new markets in Great Britain and elsewhere and where the brands may be of considerable importance post-war, vis-à-vis some other country which is not one of the united nations. Would the minister state the reason?

Mr. HOWE: The brand that goes on all these goods is the brand shown here—the maple leaf with a circle in which the name

"Canada" is printed in large type in English and in French, in Russian and in Chinese. That is the brand on Canadian Mutual Aid shipments. It was the decision of the British government that the material bought by the British government for distribution in time of distress should not bear the name of the firm from which the material was purchased. I hope my hon. friend will not ask me why, because I cannot tell him. But the fact is that large shippers from this country are not permitted to put the brand of their firm on their shipments of foodstuffs.

Mr. FRASER (Peterborough West): That is just a new ruling?

Mr. HOWE: No; it has been in force for the last few years.

Mr. JACKMAN: The reason why I asked the question was that the information which came to me quite a year ago was that the Americans, for instance, were sending over powdered eggs in little cartons that held the contents of half a dozen with the Lease-Lend Blue Eagle mark on the package, whereas our powdered eggs were in large cartons and were used in the bakery trade rather than by the small consumer. I had that on good information, although it is by no means fresh now, and I should like to know what we are doing at the present time to identify our goods not only with the Canadian Maple Leaf but whether we are packaging them in such a form that they will go to the large body of consumers rather than to a specific few? In other words, while we are in a joint war and everyone is willing to make sacrifices in the common cause, nevertheless where it is fair I think we must also keep a weather-eye out for post-war trade. I would ask the minister if he knows how powdered eggs from Canada are going over at the present time.

Mr. HOWE: The combined food board purchases British requirements in Canada and in the United States, and I am told that the specifications in each country as to packaging are the same. The United States puts on its packages the Lend-Lease emblem and Canada puts on the Mutual Aid packages the Canadian emblem. That is the only difference betweeen the two. I think we are supplying large packages and small packages. I am told that we do, and that the United States has the same range of packages.

Mr. HANSELL: There is just one point I should like to make clear in my own mind. Giving this Mutual Aid to the united nations is an admirable gesture, but I would ask the minister if there is any difference between giving aid in this form and in trading with these nations in the ordinary way and then cancelling $800,000,000 of their debt to us. It seems to me that that would be less complicated. Would it result in any difference? Does it not amount to that after all?

Mr. ILSLEY: It is hard to know just what the hon. gentleman means when he asks whether it is the same? It obviously is not the same.

Mr. HANSELL: Does it not have the same effect?

Mr. ILSLEY: So far as I can see, the ultimate economic effect is identical; that is, if we wanted to do it another way; if we wanted to get out a book and charge up each of these countries with so many dollars worth of goods and then, after they get the goods, burn up the book.

Mr. SHAW: Would that not be cheaper?

Mr. ILSLEY: No, certainly not.

Mr. SHAW: Under the present set-up you have various organizations handling Mutual Aid, and a great many more employees would be necessary than to do it as the hon. member for Macleod suggests by simply cancelling the $800,000,000 worth of goods received by the recipient countries.

Mr. ILSLEY: That is the reason why I asked what my hon. friend meant by asking whether it is the same. Does the hon. member suggest that there should be no checking by this country of essentiality, that we should leave all that to the purchaser? It may be that he is suggesting that we should allow any country to have whatever it asks for? That would be a very different matter.

Mr. SHAW: Trade is never done in that way. Does this country not exercise some authority in ascertaining what we shall sell?

Mr. ILSLEY: I will tell the hon. gentleman how trade is done. A person buying pays for the goods, and that is a salutary check on what he orders.

Mr. SHAW: I doubt that the statement is absolutely correct, because, if that were the case, there would never be one outstanding debt between two countries because of one country exporting a greater volume of produce than it imported from the other. The minister says they simply pay for what they secure. Technically speaking, that is not correct. If it were, there would not be international debts, in the sense of one country owing another more because of excess purchases.

Mr. ILSLEY: I do not know what the hon. gentleman is driving at. I foolishly took on an answer to a theoretical question the purport of which I did not understand. I am sorry; that is all I can say.

Mr. HANSELL: I must be satisfied with the answer I have received. Evidently in time of war, with such international complications as exist in connection with goods, perhaps it is the government's way of doing it.

Mr. ROSS (Souris): On page 15 of the report there is a reference to farm implements provided:

Ploughs	2,898
Drills	1,000
Binders	1,845
Threshers	205
Hammer mills	731

With regard to the question raised by the hon. member for Rosedale, that certain goods were offered some nations who were in a position to pay for them, I am wondering if there is really a demand for these articles. The reason why I bring this question up is the fact that in Britain with one-third of the cultivable land that we have in Canada they have as many tractors as we have, and at the commencement of the war one-third as many. That may be good business; I do not know. At any rate, reference is made here to a number of different pieces of machinery. With the great shortage that exists in this country—and, as I have pointed out many times before, many people in Canada had orders and permits passed for drills for this spring which they have not been able to receive at this date, some time after seeding is over—I am wondering how these requests are arranged. Are they done through the Department of Agriculture in the old land, and is there a check-up to ascertain whether these commodities are essential at this time when production is hampered in consequence of man-power shortage and the shortage of labour-saving machinery?

Mr. HOWE: During the past two years it has been thought that, solely from the viewpoint of winning the war, it is more advantageous to have foods grown in the United Kingdom than in Canada. My hon. friend knows that when the submarine war was at its height, shortage of shipping was very serious. For that reason, during the past two years we have shipped a considerable amount of agricultural machinery to the United Kingdom. We did so because we believed that this would prevent the British people from starving, and if it caused some inconvenience to our own people, that is not a very serious impact of the war on Canada.

Mr. ROSS (Souris): Does the minister think that the same demand exists for this type of implement?

Mr. HOWE: No; we are not shipping implements now.

Mr. McGEER: I understand that the Lease-Lend programme started with the $700 million loan to Britain against which no securities were actually taken; following that there was a gift of one billion dollars to Britain, and following that, a gift of one billion dollars in Mutual Aid, without any arrangement that anything should be returned; and the present basis upon which this resolution will be passed, with the bill succeeding it, is the same. Is it not a fact that this was an arrangement agreed upon as part of the general war programme, where Canada did embark on a course peculiar to Canadian economy and Canada's war programme, and quite different from all the rest? The $700 million no doubt was similar to the Lease-Lend programme of the United States, because that $700 million was used to buy goods in Canada; but the remainder, totalling now roughly three billions in three years—two billion up to date and an extra billion now—is an out-and-out gift from Canada in Mutual Aid, without anything being expected in return. Is that correct?

Mr. ILSLEY: If our requirements from Great Britain exceed her requirements from us she is obligated under these agreements to furnish Mutual Aid to us. That may be a very remote contingency; nevertheless the obligation is there. What the hon. gentleman says is substantially true, namely, that from the material point of view we are contributing, as I would say, to the common cause—

Mr. McGEER: And as best we can.

Mr. ILSLEY: Yes. It goes to Great Britain, a lot of this, but it is really a contribution to the common cause rather than a gift to the United Kingdom.

Mr. McGEER: Well, of course, the significance of that contribution of Canada to the common cause is that with the $700 million lent to Britain and the two billions already given in Mutual Aid, that comes roughly to three billions. Contrasting that total contribution from Canada with the total from the United States, our Lease-Lend programme is much more substantial proportionately to our population than the Lease-Lend programme to the south of us. There may be some people who feel that Canada should not make that kind of contribution. I believe that the great majority of Canadians will be proud of the fact that Canada is making that contribution and will be glad

to continue it so long as we can make it to the common cause and the struggle in which we are engaged. The only thing about it is that there are not many people throughout Canada who appreciate, in addition to the war programme that Canada is carrying on, the enormous contribution that Canada is making in this programme to the common cause, in proportion to her population and her industrial wealth.

There is one more observation in regard to the common contribution which I desire to make, and that is the fact that we are financing it ourselves. That is true, is it not? We are financing it without any aid either offered or expected in so far as the goods are produced and in so far as they are prepared for shipment to wherever they are going. The financial responsibility of providing the capital and the medium of exchange required is a purely Canadian enterprise. Is that correct?

Mr. ILSLEY: That is correct.

Mr. McGEER: And in that, I believe, we have found an indication of Canadian financial independence of all the world. If we can do that in war time and use our own financial power to make an enormous contribution to the cause of world freedom, we must never forget, when peace comes, that we Canadians do not have to go hat-in-hand into the financial markets of the world to borrow foreign capital to build Canadian institutions.

Mr. JACKMAN: Vice versa.

Mr. McGEER: My hon. friend says, "vice versa." I realize that it would be extremely difficult to get any lessons of this kind across to that side of the house. Just what "vice versa" means, I do not know; but when I am talking about Canadian financial independence I am talking not about something that has any vice versa about it.

Mr. JACKMAN: All vice.

Mr. McGEER: This is one definite Canadian programme that has nothing to do with anything else. We have been taught for a great many years by that kind of nonsense that we did not have the means to finance ourselves. We had to borrow in Berlin; we had to borrow in London; we had to borrow in Paris. We were a young country and we had no means that comes out of the accumulated wealth of the ages; but when this crisis came it was not the wealth of London that counted. We happened to be the rich uncle right here in Canada.

There is another observation I should like to make to the minister. If we could only speak as boastfully of what we are doing for old age Canadians as of what we are doing for Mutual Aid in the cause of common freedom there would be a great many Canadians just as proud of that—

The CHAIRMAN: Order.

Mr. McGEER: —as they are proud of the splendid contribution we are making. I do not want to traverse that subject any farther, but I did rise in my place to emphasize the fact that our Mutual Aid programme is something of which every Canadian has good reason to be proud.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce bill No. 138, to amend the War Appropriation (United Nations Mutual Aid) Act, 1943, and for granting to His Majesty aid for the purposes of the said act.

Motion agreed to and bill read the first time.

SURPLUS CROWN ASSETS

PROVISION FOR CORPORATION AND ADVISORY COMMITTEE

The house resumed consideration in committee of bill No. 137, respecting surplus crown assets—Mr. Howe—Mr. Bradette in the chair.

On section 3—Departmental reports of surplus property.

Mr. KNOWLES: I should like to ask the minister a question with respect to subsection 3 of this section. It is not a critical question; I am simply seeking information. Why is it that the two departments named are the only two excepted from the provisions of this paragraph?

Mr. HOWE: The reason is that any live stock or agricultural products held by the Department of Munitions and Supply or the Department of National Defence would have been bought for consumption. They are not producers of those materials. Other departments such as the Department of Agriculture are producers of live stock and ordinary sellers of live stock, and producers and ordinary sellers of food products. My hon. friend will know that the government through its agencies has a great many experimental farms which produce agricultural products.

Mr. KNOWLES: I can understand that in so far as the Department of Agriculture is concerned, and perhaps the Department of Pensions and National Health, and maybe some others. But what about the Department of Finance and the Department of the Secretary of State?

[Mr. McGeer.]

Mr. HOWE: Neither of those has anything to sell. They have no surplus assets.

Mr. KNOWLES: According to the wording of this section, if any of those departments have any live stock or agricultural products, it looks as if they would not have to report them.

Mr. REID: Could the minister tell the committee why he does not include fishery products as well? I take it that the Department of National Defence and the Department of Munitions and Supply may have in one of their departments surplus supplies of canned goods which would properly come under agricultural or dairy products. There is no doubt that the Department of National Defence, if not the Department of Munitions and Supply, would have supplies of canned salmon and fish as well. I am therefore wondering whether it should not be included in the bill. Perhaps the minister can explain the reason why it was left out?

Mr. HOWE: The Department of Fisheries is not a producer of fish in the sense that the Department of Agriculture may be a producer of live stock or of wheat. It may buy fish but it does not catch them; therefore, if it had any stock of fish to dispose of, it would be quite proper to report it under section 3, subsection 1.

Mr. REID: The Department of Agriculture does not grow any live stock; it gets them from the farmers.

Mr. HOWE: No; they are owners of experimental farms.

Section agreed to.

Section 4 agreed to.

On section 5—Crown assets allocation committee.

Mr. KNOWLES: I have a question I should like to ask the minister. I tried to locate it in *Hansard,* but I did not manage to do so in time. I recall that the minister indicated on Thursday evening that the crown assets allocation committee which was set up previously under order in council consisted mainly, if not exclusively, of senior civil servants. I believe he said that they were of the rank of deputy ministers or assistant deputy ministers. Is that to be the policy under the provisions of this bill, and, if so, is there any place in the bill itself where it is provided?

Mr. HOWE: The departments specified in the bill are entitled to representatives on the committee. At the moment those representatives are high ranking civil servants from those departments. The chairman is a full-time appointee, and there are three members of the committee who are not associated with government work. There is a representative of the farmers, a representative of householders and a representative of labour. The full-time chairman and the representatives of the several departments with the three special representatives compose the committee.

Mr. KNOWLES: I am sorry, but I do not seem to be able to find where that composition is specified in the bill. Would the minister point it out to me. It seems to me that all we have is the simple statement that the minister with the approval of the governor in council may establish the committee.

Mr. HOWE: Apparently the governor in Council determines the composition of the committee by order in council. I had forgotten that it was not in the bill; but each department is to be represented, and in fact all appointments to the committee are recommended by the minister and approved by the governor in council. Naturally the minister responsible obtains recommendations from the several departments entitled to representation.

Mr. KNOWLES: Then there is no guarantee in the bill itself that this procedure will be followed. I am not arguing that it is necessarily the only procedure to be followed; I am just pointing out that the minister said, and has just repeated, that this is to be the practice. The purpose of bringing in this bill was to supersede the order in council and put the matter on a legislative basis, and I point out that this particular feature has not been provided for in the legislation.

Mr. HOWE: That may be true; probably it was not provided in the order in council which established the machinery. A separate order in council set up the committee; but that would be on the recommendation of the minister, which would include the names and designations of the members of that committee. Another government could change the composition of the committee if it wished to do so.

Mr. KNOWLES: As I see it, there is nothing in the bill that would prohibit the crown assets allocation committee and the board of the War Assets Corporation from being the same personnel.

Mr. HOWE: They could be, if the government wished.

Mr. GRAYDON: Is there any special motive in using the languge of this section, which says that the minister, with the

approval of the governor in council, may do certain things? My understanding of the draftsmanship of bills of this kind is that usually power is given to the governor in council. In this case, however, it seems that the minister is the initiating authority and the governor in council comes in later by way of reference. Is there any special reason why that should be?

Mr. HOWE: I think it only puts the actual procedure into words. The governor in council does not originate anything itself; everything is recommended by some member of council. It may be the Prime Minister, but usually it is the minister in direct charge of a particular effort. In this case the minister recommends and the governor in council approves. In the bill the minister is given certain powers which he may exercise of his own volition, while certain other powers must have the approval of the governor in council.

Mr. GRAYDON: I take it that the personnel of the present crown assets allocation committee will be continued when this legislation takes over and the order in council ceases to operate?

Mr. HOWE: That is correct.

Mr. STIRLING: As I understand it, the principal duties of the crown assets allocation committee is to advise the minister after having ascertained what there is to sell. Does that committee advise at all as to how it shall be sold, or where?

Mr. HOWE: Yes.

Mr. STIRLING: Then what is the function of the board? What does the board do?

Mr. HOWE: The board does the selling.

Mr. STIRLING: It merely does the selling?

Mr. HOWE: The committee can recommend to the minister a scale of priorities. For instance, if it is dealing with road machinery, it can recommend that first priority be given to a province, second priority to a city and third priority to someone else. It cannot recommend prices, which is the function of the corporation, but it can attach any recommendation it wishes to any item it refers to the minister. Ordinarily the minister will pass on that recommendation to the corporation. It might come as an instruction from the minister, passing on the recommendation to the board.

Mr. STIRLING: But this committee is the really important body?

[Mr. Graydon.]

Mr. HOWE: Oh, no; the functions are different. Each has its own function, and I could not say which is the more important. Certainly the corporation has a tremendously important task in determining the methods of sale, in pricing the products and in setting up an organization for distribution across Canada.

Mr. STIRLING: Does the minister anticipate that holding some of this material will be a very considerable operation?

Mr. HOWE: Oh, yes.

Mr. STIRLING: The storage?

Mr. HOWE: Yes.

Mr. STIRLING: Does the committee decide that?

Mr. HOWE: No; the board will decide that. The committee may recommend that a certain item be held off the market. For example, the wartime prices and trade board has a representative on the committee. The committee may take the view on the recommendation of the wartime prices and trade board that it would not be beneficial to the Canadian economy to place a certain article on the market at this time. That recommendation would be passed on to the board, but ordinarily the board would be responsible for deciding when the material should be sold and at what price.

Mr. MacNICOL: Is provision made in this bill for the control and disposal of crown assets in Europe or anywhere else?

Mr. HOWE: Yes.

Mr. MacNICOL: In what way?

Mr. HOWE: The board has jurisdiction over Canadian surplus materials wherever they may be. It has power to open bank accounts abroad, to appoint representatives or committees abroad, and to open offices abroad. As a matter of fact the board is represented in London; one of our munitions and supply officers in London is the representative of the board for any disposal in the United Kingdom.

Mr. MacNICOL: How about Italy and France and North Africa?

Mr. HOWE: That will come later.

Mr. MacNICOL: Is not the government of the United States setting up separate boards in those countries—

Mr. HOWE: I dare say they are.

Mr. MacNICOL: —to dispose of their surplus stocks after the war, particularly to rush the disposal? And should we not be doing that also?

Mr. HOWE: We have no problems in those countries at the moment. Any supplies we have in Italy are in the custody of the Canadian army in that country, and they are not surplus. If they should become surplus I daresay the army will find some way of disposing of them for value.

Mr. JACKMAN: At page 3646 of *Hansard* the minister said this crown assets allocation committee would review the statements of the various government departments in regard to surplus assets, as to whether or not they were really surplus to the requirements of the particular department.

Mr. HOWE: Not of the particular department; of the government as a whole.

Mr. JACKMAN: Very well. I should think there would be just as much need for a corresponding provision for review as to whether or not certain departments were holding back in reserve assets which were not needed. It might be that certain departments of national defence would find themselves with a great deal of material which in the eyes of some of their officers would be useful as a reserve, but if they were reviewed by a proper authority—perhaps this board or perhaps some other committee of the cabinet—they would be found to be surplus. I am wondering whether it would not be well to insert in this bill some provision whereby not only the assets reported would be reviewed but it could be found out exactly what assets which might be surplus were still in the hands of various departments.

Mr. HOWE: The minister of each department must be the judge of whether or not he has surplus material in his department. The officer representing the department on the committee is impressed with the desirability of not carrying surplus material, and I have no doubt he will exercise any influence he may have in the department in the direction of having surplus material reported to the board. But a committee of this type, or any outside authority, can hardly go inside any particular department of government and instruct the minister or the department as to what should be disposed of and what should be kept.

Mr. JACKMAN: Where will policy be made in regard to the operation of the Crown Assets Corporation? We have the minister, and it would appear from a reading of the bill that he has great power in a large number of cases. In fact, much of the decision seems to rest with him personally. Then we have the crown assets allocation committee, and then the officers of the War Assets Corporation.

Reverting to the question I asked this afternoon in regard to government policy with respect to the three billion dollars worth of surplus war assets which we may have after the war is over, will that amount or parts of it be withheld from the market so that ordinary business may go ahead? That is a question of policy. That amount of three billions of dollars works out to about $300 for each man, woman and child. Many of those assets will, of course, be of a military nature, and of no possible civilian use. At the same time there will be a great deal of clothing and other items which could be converted to civilian use, and it will be a question of great concern to business men in this country to learn what is going to happen to those supplies, because on what is to happen to them will depend much of their planning for post-war employment. The minister gave me his answer, one which was not satisfactory to me. However I cannot force him to give a different one, if he does not care to do so.

Nevertheless I should like to learn from him this: With whom will that policy in connection with the disposal of surplus assets rest? Who will decide whether or not they will be thrown on the market, with the resulting dislocation of ordinary industry and ordinary workmen, or whether those surplus assets will be withheld from the market? Where would one expect to find that policy declared, as it must be declared, it seems to me, if business is to go ahead in the post-war period?

Mr. HOWE: The Minister of Munitions and Supply has absolute authority over every purchase that is made, or has been made since the war began. But the Minister of Munitions and Supply has not made every purchase—has not made any purchase. He must see that he has an organization which functions reasonably, and along reasonable lines.

The Minister of Munitions and Supply bears the same relationship to the Crown Assets Corporation. He is responsible for the work of the corporation, and he exercises that responsibility through a board of directors of his own choosing, which he supposes to be competent to advise him in that relation. The board represents a cross-section of industry and consumers. I should think, if he were a wise minister, he would accept the judgment of that board on the larger questions of policy as well as on details. I think that should satisfy my hon. friend, if he will reflect on the whole situation.

Mr. JACKMAN: Which board will be advising? Is it to emanate from the minister,

backed by the decision of those whom he considers worthy of advising him, or is it to come from the crown assets allocation committee? Or is it to come from the officers of the War Assets Corporation? I want to know where business men will find out the policy of this government at some time in the future, in regard to the disposal of surplus war assets.

Mr. CHEVRIER: It is contained in section 9 of the bill.

Section agreed to.

On section 6—Term of office.

Mr. MacNICOL: Section 6 states that the term of office of the crown assets allocation committee members shall be one year. Then the directors of the War Assets Corporation shall hold office for three years. In the United States their whole programme is based upon as short a term as possible. Is it expected that these gentlemen are to be in office for three years? It states that they are to be reappointed. Surely to goodness there will not be a long time intervening between the end of the war and the final disposition or final control of assets left over from the war. If it is to take a long time, then there will be a terrific cost by way of salaries of one kind and another.

Mr. HOWE: The committee is appointed for one year. The reason is that it is an advisory committee, composed largely of government officers. The corporation is appointed for three years, with terms of two years and one year for certain directors. The purpose of that is to obtain continuity.

I feel certain that the work of the corporation will last for at least ten years. The last war ended in 1918, and we are still disposing of surplus material from it. Only the other day we sold some harness left from that war.

Mr. MacNICOL: But we did not keep a committee in office for ten years after the war.

Mr. GRAYDON: May I point out to the minister that there seems to be strange incongruity between sections 6 and 7. Although we have not yet reached section 7, I refer to it for purposes of comparison. It states that "the committee shall advise the minister". In other words, this is an advisory committee. I suggest that subsection 2 of section 6 destroys the position of the advisory committee, because it says:

(2) The committee shall be responsible to, and subject to the direction and control of the minister.

I do not know whether the minister sees the humorous aspect, but it does seem to me that if ever there was a committee which was thoroughly under the control, guidance and direction of the minister, this is certainly the one. It ceases to have that independence which an advisory committee should have.

I point this out to the minister in the thought that he might wish to have subsection 2 deleted. I should think that would be done, if the committee is to serve any useful purpose in an advisory capacity. How can a committee advise the minister when the minister himself, according to the bill as it now stands, exercises over that committee complete direction and control? It seems to me that is not the relationship which should exist between an advisory committee and the minister in charge. So as to relieve himself of any charge of having taken a dictatorial attitude, I suggest that the minister might well reconsider subsection 2, if, indeed, he has not already done so.

Mr. HOWE: I take it that the committee must be responsible to someone.

Mr. GRAYDON: I have no objection to its being responsible.

Mr. HOWE: I point out that the minister takes advice from a great many officers, for whom he is responsible. My hon. friend always likes to suggest some independent body that is responsible to no one. I could mention one or two organizations of that type, but I do not think they would be very helpful. The minister must take the responsibility. The government must take it ultimately, and the minister is responsible for advising the government.

Mr. GRAYDON: That is all right.

Mr. HOWE: The minister must get his advice where he can get sound advice. He forms this committee, which he believes is capable of advising him as to whether material is really surplus to government requirements. It may be surplus to the requirements of one department, or it may be material that another department can use. However, it is the duty of the committee to make sure that no department of government requires that material. That is their first duty. Then the committee looks into certain aspects which are purely governmental. Is it required for relief purposes? Is it required for Mutual Aid? Is it required for any purpose allied with government? Then it has regard to other governments. Is it material of a class that the provinces should have first option on, and the municipalities second option? It calls all these matters of general policy to the attention of the minister. The committee makes a recommendation to the minister on each item. The

duty of the committee ends there. I might point out that there is no relationship between the committee and the corporation. My hon. friend asks to whom business would go to deal with. It would go to the corporation; it would have nothing to do with the committee. The committee looks at things from the government viewpoint and the policy viewpoint. The actual selling is done by the corporation, and the corporation will be the only agency that will have any relationship with the public, or with business, or with anything else. The duty of the committee is to advise the minister.

Mr. GRAYDON: I think the minister missed my point with respect to the question of responsibility. I did not intend to convey that criticism to the minister. If I did not succeed in making myself clear, perhaps I may do so now. I think it goes without saying that the committee would be responsible to the minister and I should think no one would raise an objection about that. My objection was that under subsection 2 the committee would be subject to the direction and control of the minister. That was the part of the section to which I objected. I can rightly understand that there must be responsibility, but when you give direction and control it seems to me that that takes away the real effect of an advisory committee.

Mr. KNOWLES: I would point out to the leader of the opposition that there might be objection if it were the other way around. The minister could come into the house some day and say, "I am sorry; I have no control of the committee." If he said that, we in the opposition would state pretty clearly that we considered he was responsible.

Mr. HOWE: I think the wording is correct. The minister may ask the committee to investigate any aspect of a transaction and the committee is bound to do so. The minister is responsible for the salaries paid the chairman, and to those members outside the government service.

Section agreed to.

Section 7 agreed to.

On section 8—Secretary and officers.

Mr. MacNICOL: Will the secretary and other officials be taken out of the present civil service, or will this mean the establishment of a new staff?

Mr. HOWE: The section states that the staff shall be appointed or employed in the manner authorized by law; that means through the civil service commission. In addition, the minister may temporarily employ such persons of technical or professional attainments as he may deem necessary, as well as other temporary employees.

Mr. NOSEWORTHY: The words "authorized by law" would bring these employees within the scope of the civil service?

Mr. HOWE: Yes.

Section agreed to.

On section 9—Ministerial powers.

Mr. GRAYDON: I want to raise objection to the wording and the language of this section. I wish to know what was in the minister's mind, because I am quite sure that this bill bears the mark of the minister's handiwork. I should like to know his motive in phrasing this particular section which states that he may do certain things with specific or general authority from the governor in council. I am afraid the governor in council may be tempted or invited by this section to give a blanket cheque or blanket authority to the minister. If I may say so, I think the minister has already clothed himself with wider powers under this bill than are normally given to a minister of the crown. I should like to have the minister's answer on that point.

Mr. HOWE: There is certain general authority given to the minister. For example, he can exercise his own authority in transactions amounting to not more than $15,000. He has general authority to turn over to the War Assets Corporation material which is classified as scrap. But if he wishes to dispose of a building costing more than $15,000 or any item costing more than $15,000, he must have specific authority from council. That is why specific and general authorities are both mentioned.

Mr. STIRLING: Where is the reference in the bill to the $15,000 limitation?

Mr. HOWE: That authority is given by order in council.

Mr. STIRLING: The minister receives tremendous powers under section 9, and I notice that, later on, powers similar in nature although not quite as extensive or numerous are given to the board. Would it not be possible under this section for the minister to set aside the board if he chose to do so?

Mr. HOWE: Certainly.

Mr. STIRLING: He could then proceed to exercise these powers.

Mr. HOWE: Yes. Strangely enough, the authority is with the government. If the board makes a bad decision, the minister could certainly overrule it.

Mr. MacNICOL: This section certainly embraces a lot of territory, as anyone who is acquainted with the complexities of industry will realize. I have heard an hon. member—not a member of the government—advocate that his town should be permitted to buy road machinery cheaply. That particular town happens to be a coal producing town which ships coal to Ontario. If such a policy were pursued I wonder how the employees here would be able to buy the coal which would be shipped from that town. I hope that in the disposition of all this material the question of jobs which may be affected thereby will be considered. Those who are familiar with production know that since the war broke out the iron industry has increased 100 per cent, which means that there will be tremendous stocks of iron goods for sale. It will take almost dictatorial powers to control the sale of those surplus iron goods so as not to interfere with reemployment which will be very important after the war. The total capacity of electric power plants has increased very largely. The capacity is twenty-five per cent greater now, and before the war is over, production will be still higher. It is greater to-day than ever before. If machines are thrown on the market in a disorderly way—that is a very good expression—it would, of course, affect employment in the electric production business. The same applies to the aluminum business, which has gone up 500 per cent since the war broke out.

Mr. HOWE: By 1,100 per cent.

Mr. MacNICOL: The official United States report which I have here says 500 per cent, but the minister may have later information. The figure I gave is for 1942. The magnesium business, new in this country, has grown by 100 times greater in the United States, and perhaps it is more than that now. I am not greatly opposed to dictatorial powers if they are required to prevent the flooding of the market with cheap material.

Mr. HANSELL: It does appear that there is great power being placed in the hands of the minister by this section. I do not know whether all that is necessary or not. I am not a business man, and I do not understand very much about crown corporations. But when you read of all the power that is being given to the minister, and give him power "to do any other thing", that means he is all-powerful.

Mr. GRAYDON: Omnipotent.

[Mr. Stirling.]

Mr. HANSELL: However, I will content myself with going on record with that observation. May I ask this question? By paragraph (a) the minister may:

> . . . sell, exchange, lease, lend or otherwise dispose of or deal with surplus crown assets either gratuitously or for a consideration.

Apparently something is to be given away, so that once again the government believes in something for nothing. Could the minister give us a case where that might be done? I can understand that obsolete machinery might be given to provincial governments or something like that. But it does seem to me that this section may lay the minister or the government open to a good deal of criticism. That seems to me quite a loophole in this bill. I do not suppose that the government would do anything that they should not do, but this does leave it open to somebody to carry on quite a racket. I do not think the minister would. I think the government is sincere in this legislation, but it does seem to me that there are quite a few loopholes in the bill. Certainly it does not seem to be water-tight. I do not want to get out of bed on the wrong side in the morning, but equally I do not like to get into bed on the wrong side at night. Would the minister throw some light on paragraph (a)? What example can he give of where it might be advisable to give any assets away? I might like to get in on that.

Mr. HOWE: The army in Italy might very well have surplus foodstuffs or surplus equipment that might be very badly needed by the starving people of Greece just across the Adriatic, and under this paragraph the minister would have authority, if he received that advice, to instruct that the material be transferred to Greece as a gift to the Greek people. That is one application. It would be a matter of charity on a national scale.

Section agreed to.

On section 10—War Assets Corporation.

Mr. KNOWLES: I want to ask a question, and if I may refer to a subsection of another bill I can put my question more quickly. Section 7 of the bill to amend the Aeronautics Act provides:

> No member of the board shall either directly or indirectly engage in manufacturing or selling aircraft or in the transport of goods or passengers by aircraft for hire or reward.

And so on. I am wondering if there should not be a parallel clause in this bill. My hon. friends to the right, particularly the hon. member for Rosedale, are quite concerned lest business has not proper connections with this War Assets Corporation. My fear is

that the connections of business with it will be too good for the welfare of the country as a whole. I should like to see some independence on the part of the members of this very important board comparable with the independence which the minister prescribes in the act for the aeronautics board to which I have just referred. Would the minister make a statement on that?

Mr. HOWE: The two are quite different. The aeronautics board is a judicial board as well as an advisory board. It has certain judicial functions to perform which would be prejudiced if any member of the board were interested in the operation or manufacture of aircraft. In the case of this corporation the minister is responsible, and the board is responsible to the minister for exercising its best judgment. It is a type of judgment that can best be exercised if a man has practical experience in that line. For instance a mining man would be the best adviser on the disposal of mining machinery and a merchant would be the best adviser on the best method of merchandising. It is just as in the operation of war plants we obtain the services of a man familiar with the type of operation required. He may also be operating a plant of his own in a small way.

Mr. KNOWLES: But it does seem to me that the powers of this corporation are greater than the functions of the committee. I felt, as the minister was speaking, that he was referring more to the work of the advisory committee than to the work of the corporation. Wider powers are set out in section 12.

Mr. HOWE: If my hon. friend does not mind postponing this discussion, I will ask that the committee rise and report progress so that my colleague may introduce another item of business.

Progress reported.

SUPPLY

Hon. J. L. RALSTON (Minister of National Defence) moved that the house go into committee of supply.

Mr. S. H. KNOWLES (Winnipeg North Centre): Mr. Speaker, I do not intend to take more than a minute or two, but I should like to make a request of the government. As a matter of fact, I made my request in the form of a suggestion to the Minister of National Defence this morning, so that what I am about to say will not come as a surprise to the government. On Friday night when the house was adjourning he indicated that the government would call supply to-day and that, if we went into supply, items would be called in each of two departments. It was indicated that this would complete the list so far as going into supply was concerned. I suggested that since the session may last for a number of weeks yet and hon. members, on the opposition side at any rate, and private members on the government side, would like to feel that it was possible later on in the session for them to raise certain matters on going into supply, we might go in to-night and call an item in one department, leaving one last department open for a later date.

Mr. CRERAR: We had already anticipated the hon. member's request and it was the intention to call only one item to-night. That leaves one remaining, on which my hon. friend and his associates can make all the speeches they wish. They will have that opportunity.

Mr. GRAYDON: I hope it will not be taken advantage of too fully.

Mr. MACKENZIE (Vancouver Centre): So do we.

Mr. CRERAR: I am only saying that the opportunity will be there.

Mr. KNOWLES: I did not promise a speech.

Mr. GRAYDON: No; you threatened one.

Motion agreed to and the house went into committee of supply, Mr. Golding in the chair.

DEPARTMENT OF FINANCE

Service—

47. Departmental administration, $581,751.

Mr. RALSTON: The item stands.

Progress reported.

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

Tuesday, June 13, 1944

The house met at three o'clock.

THE WAR

INVASION OF WESTERN EUROPE—PARTICIPATION OF CANADIAN NAVAL SERVICE—NORTH ATLANTIC TRADE CONVOYS

Hon. ANGUS L. MACDONALD (Minister of National Defence for Naval Services): With the permission of the house I should like to make a short statement. I have much pleasure in advising the house that men and ships of the Royal Canadian Navy continue to fare well in the invasion of northern France. Losses in personnel thus far have been almost negligible.

Losses in ships have been confined to a few landing craft. Canada is represented in these operations by more than one hundred ships and almost ten thousand naval officers and men. Almost every type of fighting ship in our navy is included—destroyers, frigates, corvettes, minesweepers, landing ships, landing craft and motor torpedo boats.

At the same time we have assumed considerably increased responsibilities in respect of trade convoys in the north Atlantic. There, too, we and our allies have not been without success. Loss in allied merchant shipping is now at the lowest point in the whole war. This morning it was announced that one of our frigates, H.M.C.S. *Prince Rupert,* had shared with British and United States planes and two United States warships in the destruction of a German submarine. This is the fourth enemy submarine the destruction of which I have had the pleasure of announcing within the last ten weeks.

PUBLIC WORKS

FIREMEN—SALARIES AND WAR SUPPLEMENTS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): On May 16, during the debate on the war appropriation resolution, I called to the attention of the Minister of Public Works certain inequalities with respect to salaries and war supplements paid to firemen working under the jurisdiction of the minister's department. At the time he was good enough to indicate that he would inquire into the matter to see if any injustice was being done, and undertook to remedy it if he found that to be the case. The war appropriation bill having been passed, and no answer having so far been made, I should be very glad if the minister would acquaint the house with the result of his inquiry and tell us what he proposes by way of remedy for the situation.

Hon. ALPHONSE FOURNIER (Minister of Public Works): Mr. Speaker, the leader of the opposition was good enough to give me notice of this question. He is right in saying that during the discussion of my war estimates he inquired about the salaries paid to the seasonal firemen employed by the Department of Public Works. I intended giving the information when my civil estimates were before the committee. However I have now before me a report concerning the 118 firemen employed at Ottawa.

The salary range of these employees is from $1,140 to $1,260 a year, plus the cost-of-living bonus and in certain instances a war duties supplement. In the case of firemen it was found that some fourteen employees, due to the increased work caused by the war, were now filling positions which under the rating schedule I have mentioned would qualify them for stationary engineer grade 1, and these employees were recommended to receive the minimum of that class.

In addition, statutory increases not ordinarily accorded to firemen were granted. These were authorized on recommendation of the department by order in council P.C. 144/2200 of March 28, 1944, effective April 1, 1940; and these increases are now in effect and also apply to firemen outside Ottawa.

Of 118 firemen at Ottawa, fourteen received war duties supplements, three received $120 statutory increases and twenty-four received $60 statutory increases. Thirty-two will receive stautory increases in 1944, when they will have served two seasons, and thirty-eight in 1945. Thus there are only seven firemen who have not been benefited, and they were already at the maximum of their class.

CANADIAN FORCES

POSTAL SERVICES—ISSUE OF LETTER FORMS TO PERSONNEL OVERSEAS

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I am not certain whether the question I desire to direct to the government comes within the purview of the Department of National Defence or that of the Postmaster General. I fancy it should be brought to the attention of the Department of National Defence.

A member of the auxiliary services, recently returned from overseas where he worked among the men of the armed forces, is reported to have stated yesterday before a service club in London, Ontario, that men overseas, including those in hospital, were limited to one officially issued letter form per week. He is reported to have pointed out that there is no limitation on the numbers of letters allowed to go from Canada to the armed forces, and he made a plea that steps should be taken to remove limitations on the letters coming from overseas to Canada. I should be glad to have the minister's comments in the matter, and at the same time, if the situation is as described, I would ask the government to take steps to rectify it.

Hon. J. L. RALSTON (Minister of National Defence): I received notice of the question only after coming to the house, and I have not any first-hand information about it.

I believe what is referred to would be the blue air mail letter form. I know when I was in Italy there was a limitation of one per week issued. That was changed about that time, however, to two, if I remember correctly. I had not heard anything about any limitation in the United Kingdom—at least no limitation causing any complaint. I have asked the director of auxiliary services to get me a report in the matter, and I shall endeavour to inform the house as to the situation. Of course I accept the suggestion offered by the leader of the opposition, that if there is any limitation of the kind he has mentioned which can possibly be lessened having regard to existing conditions, I am sure all the services will put forth every possible effort to have it removed or at least to have it reduced.

DOMINION ELECTIONS

MEASURE TO ENABLE WAR SERVICE PERSONNEL TO VOTE IN GENERAL ELECTION

Hon. N. A. McLARTY (Secretary of State) moved the third reading of Bill No. 135, to provide regulations enabling Canadian war service electors to exercise their franchise, and Canadian prisoners of war to vote by proxy, at any general election held during the present war, also to provide amendments to the Dominion Elections Act, 1938, consequential to such regulations, or made necessary by the advent of the said war.

Mr. MAXIME RAYMOND (Beauharnois-Laprairie) (Translation): Mr. Speaker, before this bill is read the third time, I wish . . .

(Text):

Some hon. MEMBERS: Louder.

Mr. RAYMOND: The whips of the various parties have decided to place me in the farthest corner, so that I am sometimes forced to speak louder than others have to speak.

(Translation): I wish to point out certain injustices contained in this bill. Unfortunately, it was moved at the last minute last Friday, and by referring to the record it is found that it was passed almost without discussion and without, I believe, reading each section of the bill. It might be claimed that the bill had been discussed in committee, but I have noticed that this time, as in several other instances, a group which, notwithstanding the small number of its members, represents a large section of the population, has been completely ignored and no member of my group was invited to sit on the committee appointed to examine this bill.

I do not propose to take up the time of the house, but I wish to protest against the discrimination shown to certain classes of soldiers. Thus I find that the members of the reserve army will not have the right to vote unless they have reached the age of twenty-one, whereas the members of the active army will be entitled to vote if they are British subjects even though they are only eighteen or nineteen years old. I am glad that the right to vote has been granted to all those who are serving in the army, regardless of their age.

Besides, in connection with the debate on the plebiscite, I had moved an amendment to grant the right to vote to persons eighteen years of age, but the amendment was rejected by the house. Why bar the members of the reserve army, who are only eighteen and nineteen years of age, from voting, when they are being called up for military service? Why prevent them from voting when they are being mobilized at eighteen, under a hypocritical legislation, which has been called mobilization act while it is a conscription act, and when they are liable, as the minister of National Defence (Mr. Ralston), stated, to be called up for service overseas; indeed, they have been sent to Kiska, Jamaica and Newfoundland. This group of enlisted men are discriminated against and I wish to register my protest before this bill is passed.

Another unfair stipulation is that referring to the appointment of scrutineers. It states that "two of such scrutineers shall be nominated by the Leader of the Government, two by the Leader of the Opposition and two on the joint recommendation of the Leaders of political groups having a recognized membership in the House of Commons of eight or more." I lead a group which, as I stated a moment ago, has not a large membership in this house, but represents a large proportion of the people of this country. A proof of this statement is the fact that, last August, when two by-elections were held in the province of Quebec, the government candidates were badly defeated by representatives of the group of which I am a member.

One of our candidates was elected, and if the other was not successful it was because of the manipulation of lists. In spite of the representations we made to the Secretary of State (Mr. McLarty)—and I must say, by the way, that he is usually most courteous—he did not heed our protests under the circumstances. The lists were prepared in such a way that the names of quite a number of voters from the constituency of Montreal-Cartier were left out. We asked for representatives of our own, but our request was denied under the pretext that it had come too late. However, the candidate of the labour-progressive party, which had no member in this house, was allowed to have some

one watch the preparation of lists on his behalf. I am quite glad that such a privilege was granted to him, but why should not—I would not say the same privilege—but the same right, have been granted to a much more considerable group which has members in this house, a group that expresses the views of a large proportion of the Canadian people? It was claimed that our request was belated; well, I have here some documents and telegrams, showing that some kind of revision was ordered but that a sufficient number of officials could not be found, and they were denied to us so that the revision was a comedy; thus hundreds of thousands of names were left out of the lists for the special purpose of preventing the election of the candidate representing the group which I have the honour to lead in this house. The same thing will happen again.

Something similar did happen in connection with the proposed revision of the standing orders of the House of Commons. A change was recommended whereby no division could be recorded unless requested by twenty members, instead of five as at present. The purpose of that change was to prevent a minority which represents a very large body of opinion to demand a vote on certain occasions. In the next general election, we shall have a very large number of candidates in the field, and we are not even going to have the right to have some one look after our interests. What happened in Montreal-Cartier in the 1917 election during the Great War, shows the extreme importance, if we are to have a political party, of having such a representative.

It is said in the bill that a person may "act as representative of a political party at the taking of such votes". But what is meant by a political party? Obviously, an endeavour will be made to interpret the expression "political party" in the light of another section which says that a party must, in order to enjoy that right, have at least eight members in the House of Commons. But a political party which has less than eight members in the house may have in the field, in the next election, more than one hundred candidates and that party will not have a single representative to look after its interests. Such is the discrimination made under this bill. Consequently before its third reading, I wish to voice my protest once more. Since it is claimed that we are fighting for freedom and the protection of the rights of minorities, I say that those minorities should be given the rights for which they are called upon to fight elsewhere.

[Mr. Raymond.]

Motion agreed to and bill read the third time.

Mr. ILSLEY moved that the bill do now pass and that the title be as on the order paper.

Mr. RAYMOND: On division.

Motion agreed to and bill passed.

UNITED NATIONS MUTUAL AID

APPROPRIATION OF $800,000,000 FOR WAR SUPPLIES TO UNITED NATIONS AND OBLIGATIONS UNDER RELIEF AND REHABILITATION AGREEMENT

Hon. J. L. ILSLEY (Miinster of Finance) moved the second reading of Bill No. 138, to amend the War Appropriation (United Nations Mutual Aid) Act, 1943, and for granting to His Majesty aid for the purposes of the said act.

Mr. J. S. ROY (Gaspé): Mr. Speaker, on two previous occasions I have given my reasons for opposing the making of gifts to England, and I should like to put myself on record once more as being against this bill which provides for a gift of $800,000,000 to the united nations. Apparently the government intends to keep on enforcing measures such as this one despite the fact that the people of this country are opposing its stupid policy and are giving warning of their opposition. In the by-elections which were held last summer the people of this country condemned the enforcement of such a policy, but the government does not seem to want to listen to them at all.

It may be that if the results of the Saskatchewan provincial election were known certain people would open their ears and listen to these warnings. Only last summer when a provincial election was held in Ontario the two old parties were nearly wiped off the map. This indicates that the criticism and discontent of the people are coming not only from the province of Quebec but from all over Canada. If the government does not change its policy pretty soon, ultimately we shall have that socialism which makes everyone so frightened. I shall not make any further comments except to say that I strongly oppose this gift to the united nations.

Hon. P. J. ARTHUR CARDIN (Richelieu-Vercheres): Mr. Speaker I have no intention of delaying for any time the consideration of this bill which has been moved for second reading by the Minister of Finance. On previous occasions I have expressed my personal views as to this method of assistance to people who in my opinion enjoy a better financial position than the people of Canada.

I do not need to advance any reasons additional to those I have previously expressed in opposition to a similar measure. I only want to repeat that it seems strange, to my humble judgment, that a small country like Canada, with a population of a little over eleven million, should be called upon to make a contribution or a gift—the name does not matter; the name was changed by the last legislation on this subject but it does not affect the principle at all—of one billion dollars last year and now eight hundred million dollars to a country which is many, many times richer than Canada is or will be for many generations to come. Let us not forget the facts to be considered in these circumstances.

The British empire, which has been directed for many years by highly gifted and talented diplomats and financiers, has developed to a point where it has become one of the greatest empires the world has ever known. Canada is a small country compared with the British empire. Canada is a very small country compared with the British isles. The people of Britain control directly or indirectly almost one-half of the civilized world, and they are in control financially speaking, commercially speaking, economically speaking, of over one-half of the population of the world. Canada is making a gift to that rich country, which for a long time has been the money market of the world, and which has not yet decided to abandon it.

We were told a few days ago, if not yesterday, that the British empire, or England, had been buying for cash to a larger amount than is represented by the gift that we have made in the past and the gift we propose to make under this bill. Is that not an indication that that great country is quite capable of taking care of her obligations and that there is no necessity for a small country like Canada, not a member of the Big Four, to be called upon to make a contribution of $800,000,000? It is said, it is true, that that money goes to other countries as well, but if one looks at the report that has been made by the Minister of Munitions and Supply (Mr. Howe), it will be ascertained that the British empire received of our gift last year three-quarters of a billion dollars. They are capable, financially speaking and economically speaking, of paying, if not at present, at least later, for the purchases they are making in Canada. Why should we be called upon to make such a gift now?

Let us not forget, Mr. Speaker, that at present the cost of the war to the Canadian people is as high as the burden it has imposed upon any of the allied nations of today. The daily cost of the war has risen, according to a recent government publication, "Canada at War", from three cents per head of the population of Canada to $1.16 per head in 1943. That means about $425 a year for every man, woman and child in Canada today. The burden is heavy enough, and I do not think we should be called upon to make an additional contribution in this form.

Far from my mind is the idea that we should not supply what the allied nations need to carry on the war. We should continue to supply the materials they require, the armaments and the food that we have been supplying up to the present time. But why not at least keep a record of it in our books as an advance made to a country which is ten times, a hundred times, richer than Canada? Why not have an open account in order that when the war is over, when all the difficulties and consequences of the war are to be settled, when advantages are to be divided amongst the nations, Canada will have on the ledger something to offset claims that might be made against her or to justify any claim that Canada might see fit to make when the settlement of debts is being made. What harm would it be for Canada to keep a ledger account showing the advances we are making to Britain, if she is not at present in a position to pay in cash for the goods we are sending her? What objection could there be to having that recorded in a ledger in order that we shall have a clear account of our disbursements for the day of final settlement?

An argument has been made which to my mind has no value. It is said: What is the use of having debts on the books that will never be paid? Mr. Speaker, is it not a reflection on the credit of British institutions and on the credit of Britain to say that she will never be in a position to pay for the materials and goods she needs at present and that we have to make her a gift in order to prevent Britain from finding herself later on in the humiliating position of not being able to pay the price of the goods we have sent her? I think that argument is of no value at all. Suppose the debt is not going to be paid, as is argued. There is no objection to keeping an account of that debt in order that we may be able to show after the war is over what Canada has really done in this war, what her contribution to the war has been. It will be interesting then to have that figure, showing the amount we have advanced to the British empire in order to help the British empire to carry on a war that has been started, we will say, for the sake of saving the liberty of the world.

It has been argued, on the other hand, that we should remember that by making these supplies available to the British empire we are providing our workmen with work through the manufacture of the weapons of war and providing our agriculturists with work in supplying foodstuffs. That is a poor argument in my judgment, a very poor argument, Mr. Speaker. If we have that amount of money to spend on manufacturing materials of war and procuring foodstuffs to be given away in the form of gifts, we could very well use that money and that power of production to produce things which are needed in this country and could be consumed here. We could spend this money on articles which would be useful to Canadians, not merely to make goods on the pretext that the purpose is to provide business for our manufacturers and our industrial and agricultural producers. These arguments, in my humble judgment, are no good, and I contend there is no justification in the world for the attitude we have been taking, and are taking at the present time. Without desiring to be unfair or to use unduly severe language, as I was accused of doing last year when I advanced this argument, I would repeat that this is a colonial tribute. Last year it was argued that there was no tribute because our act was voluntary. Well, even if the payment is voluntary, even if these goods are voluntarily given, none the less it is a tribute which we are paying to a country or to a people far richer at this time, and likely to remain so for long after the war is over, than is Canada herself.

The example of the United States may be cited. We may be told that the United States have had for a long time a similar measure on their statute books and that they have been acting under that measure. Surely nobody will seriously make a comparison between Canada and the United States; nobody will compare our wealth, our power of production or our facilities for production with those of the United States. There is no comparison possible either in the economic field, in the matter of population, or in the field of external authority or international authority. Whether we like it or not, we have to recognize that our status as a country cannot be compared internationally with the status of the United States. The United States is an independent country. I know that some hon. members and some newspaper men will say: Well, is not Canada an independent country? I have no hesitation in saying: No, she is not an independent country. This fact was established with the full approval of the government, when the late Minister of Justice argued in this house that Canada could not be neutral in this war, that Canada had to go into the war the moment that one part of the British commonwealth was in the war. I conclude from that argument that we are not an independent country. I agree that we went into this war voluntarily, and I am not ashamed of the action I took at that time. But we went into the war because Britain was at war. Justification can be found for this statement even in the recent speeches made by the Prime Minister (Mr. Mackenzie King) in London and here in this House of Commons. We went into the war because we were a member of the British commonwealth of nations. This is a society or group of nations, each of which is committed to the defence of the interests of the others; otherwise there could be no such society of nations; there could be no commonwealth without a responsibility on the part of one of the members of the commonwealth toward the interests of any other member which might be endangered. We are not an independent country. We may, if we choose, make a subtle argument on points of law, on texts of jurisprudence and on statutes, but in reality and in practice we have never acted as an independent country, and from the point of view of responsibility and action we are not independent, far less a sovereign nation capable of disposing of herself.

So that we are not in the same position as the United States. Further, the United States have another reason for having entered into the war as they did, two years after Canada declared war. They were attacked. They are on the defensive. They had been assailed by Japan and they are fighting in this war because, having been attacked by that powerful empire, they have a much greater interest in the war than Canada has.

Our position therefore is not at all comparable with that in which the United States find themselves, and we should not be expected to do everything that has been done in that country with regard to this war. We are doing a mighty effort. Canada deserves the credit and praise of all the nations of the world for what she has been doing, because in reality she is doing more than she was ever expected to do in a conflict like this one. After all, this war, according to an English-speaking writer, is a war first of all for power, with liberty and freedom as a result of obtaining power. One has only to go into the library of parliament to find several books by English-speaking writers, Canadians and others, indicating that this war is a war for power. I do not object to that. We have to fight force with force. But I contend that Canada has been

doing a lot more than she was expected to do, a lot more than it was thought she would be capable of doing.

We are not among the Big Four. What is the use of our boasting and making all the propaganda which is being issued? We are not going to be consulted when the peace terms are drafted; we shall be informed what the decision has been after the four great powers have met, and Canada will have to accept their decisions and the consequences. With that I find no fault. Canada is not one of the great powers of the world. We are a small nation with great aspirations and with very strong hopes for the future, but we have not yet realized our hopes; we have not yet achieved what we think we are capable of achieving by the development of all our resources. We are still a small nation of eleven millions and we should not load ourselves with too many debts, because we do not know what the situation is going to be when peace does come.

I repeat, I am not objecting so much to the fact that we are spending money in the manufacture of armaments and the production of food in order to help the allies, but I want a statement to be kept of what we are giving to the British empire so that when the time does come to divide what there is to be divided, if there is anything to be divided, something will be there to represent in totality what is the share of Canada.

These are my views, which I have expressed as calmly as I could and in all sincerity, though without much hope of making any change in the minds of the hon. members sitting in this house. They are entitled to their own views, their own opinions, as I am entitled to mine. They are as free as I am to express their views openly and to voice their sentiments; otherwise what are we fighting for, if not for the liberty to express our opinions, whether it pleases or not the majority or the minority in Canada? I am under no misapprehension as to the effect of my observations. I feel that they will not convince the supporters of the government; they will not convince the members of the opposition and other members in the house; they will not even shake the conviction of a large section of the representatives of the province of Quebec in this House of Commons. Those members will continue just the same to support the government in this measure, as they have supported the government on other measures. But I thought that I should again speak openly on the subject. This question to my mind is one of the important matters we have to deal with in debating matters relating to the war.

I have the satisfaction at least of having voiced the views and the thoughts of the majority of the citizens of my province. I will go farther than that and say that they are also the views and the thoughts of many citizens living in other provinces.

Mr. S. H. KNOWLES (Winnipeg North Centre): The views of the Cooperative Commonwealth Federation on this important measure have been expressed on previous occasions when comparable bills were before the house, so that it is not necessary for me to speak at any considerable length. However, I feel that our position should be restated. First of all, we accept the indivisibility of the common cause in which we are all engaged at the present time. Acting from that premise, we agree with those who feel that we should make to the fullest of our capacity whatever contribution we can, whether it be in service on our own behalf or whether it be a contribution to our allies over and above what they purchase from us, as is proposed in this bill.

I know that the government, perhaps I should say members of the party on the opposite side, do not often give us credit for some of the things we do; but I think this should be said, that we in this group, despite the fact that in some quarters there is misunderstanding of this measure, despite the fact that there is some criticism of it, definitely avoid making any political capital out of that criticism. In fact we go to the other extreme and do our best to set aside misunderstanding and to explain just what this bill involves. I know that efforts along that line have been made in particular by the hon. member for Rosetown-Biggar (Mr. Coldwell), who leads this group, and I would hope that further efforts might be made by a number of parties in this house, and that still further efforts might be made by the government to allay the misunderstandings that exist in certain quarters. The Minister of Finance (Mr. Ilsley) has done a pretty good job along that line in some of the statements that he has made in this house. I would suggest to the government that through its propaganda agencies of one sort or another, this is a job that should be undertaken throughout the country, to help our people realize that what we have in this measure is not some mark of colonial subjugation, not some means of bankrupting the country, but rather a means whereby we are enabled to make a contribution of which I feel Canadians generally are proud.

I repeat that, as we see it, this bill—the whole concept of mutual aid legislation—is based on the principle of the absolute indivisibility of the struggle in which we are

engaged. I may say at this point that we feel that that principle should be kept in mind for the years that lie ahead. Never again, I hope, shall we think of the world in which we live as one which can be divided up into small sectors. We are engaged in this war as one set of united nations. When the struggle is over, if we are to have peace, it too must be recognized as indivisible, and some of the principles we are seeking to carry out in this bill, such as those involved in UNRRA, we feel, must be carried over and extended in the post-war period.

It warms my heart to talk at times with members of this house from other parties and to find how general, how sincere, how earnest is the desire of members, whatever their political or social philosophy may be, that we may not have to go into another world war some years after this one is over. I earnestly plead that we should recognize, as one principle upon which we must act if we are to avoid another war, the indivisibility of peace and the necessity of being concerned about the lot of our brothers the world over. I hope we shall never forget the principle upon which we have acted in passing these mutual aid bills from year to year.

Another principle which I feel is highlighted by the passing of this bill was stated particularly well by the Minister of Finance on March 3, 1943, at page 931 of *Hansard*. I should like to quote a sentence which I feel is very significant:

No country goes bankrupt in this way;—

And I emphasize the remainder of the sentence:

—no country goes bankrupt by increasing its production and devoting part or all or more than all of that increase to a supreme cause.

The minister was answering arguments advanced by certain opposition members to the effect that the country was being bankrupted by the huge sums of money being spent on the war. He made certain other comments at that time as well, which I feel might be quoted again, though I do not wish anyone to think I agree with everything said by the Minister of Finance because I am giving these quotations. I quote now from page 930 of *Hansard* for last year:

We do not pay for the war out of some hoard of money that we have accumulated in the past. We pay for it out of the taxes and savings that we obtain from the current income of the whole nation. We shall not run short of money.

I emphasize that; the minister said, "We shall not run short of money."

Indeed, our danger is the very reverse of that, namely, that we may pile up too much money in the pockets and bank accounts of Canadians, unless we strive with every effort to promote the sale of victory bonds and war savings certificates.

If we are bankrupting the nation, is it not indeed a strange type of bankruptcy? How can we use such a term to describe the process under which this country has doubled its national income in three years, has wiped out unemployment, has multiplied its production of many things and learned many types of new skills, has expanded and diversified its production equipment, has multiplied its governmental revenues by more than four times, has enabled millions of its citizens to acquire a nest-egg for the future, has mobilized its full strength as a producing machine, and has developed a sense of productive achievement not hitherto known?

Immediately following that the minister used the words I have quoted already. It seems to me that at that time he laid down a principle which underlies mutual aid, which underlies the mobilizing and organizing of our productive capacity for the war effort, and which should stand before us as a principle to be carried into the post-war period. Many of us are criticized, and some hon. members attempt in their criticism to make us appear ridiculous, when we advocate a much higher standard of living for the Canadian people after the war, when we suggest what at present seem rather high figures for old age pensions, and matters of the kind; yet on that same day the Minister of Finance said:

We can and must make use of that increased capacity after the war. We must develop that potential to the maximum. If we do, we can develop a far higher standard of living for the average Canadian than he has ever known before. . . .

My point is that I believe the Minister of Finance is absolutely right when he says we do not bankrupt a country by tremendously increasing our productive capacity and devoting a huge portion of that increase, or more than the increase, to a great cause. That is what we are doing at the present time, and that is what many of us hope we will do after the war. We maintain that we are not advocating something ridiculous, that we are not advocating bankruptcy when we say that following the war the economy of this country should be organized on a basis of full, all-out production to meet a great cause then, just as we are called upon to meet a great cause now. At the present time the great cause is the defeat of nazism and the preservation of our liberties. When the war is over the great cause will be the demands of peace, of a better life for all our people. I am sure the hon. members who preceded me will agree that this principle should be acted upon in the post-war period, and I had hoped that perchance this year they might have reached the point where they would have some hope

that this would be done—that after the war we would continue the policy of organizing our production on a high level and devoting a large portion of it to the great cause of peace. My hope was that some of those who have opposed these measures previously might come to understand them in those terms and be prepared to support the measure this year, realizing that the struggle in which we are engaged is a great task, and having the hope and assurance that the same principle would be carried over into the post-war period; for that is our position.

During the past several days references have been made on a number of occasions to getting certain things free. I feel that the hon. member for Macleod (Mr. Hansell) perhaps chose the wrong word when he spoke of getting things for nothing, even with respect to mutual aid, for example. Nothing in this world is had for nothing. The world is not getting free the supplies that we make available. We in Canada, as part of the united nations, are contributing the effort, the energy and the work necessary to produce those supplies. But what is involved, if I may again use the language of the Minister of Finance, is this: that on a national scale, indeed on a united nations scale, we are planning for the greatest production possible. Then, by a national decision, we take a portion of that great production and devote it to a great cause. What we are asking in the post-war period, when we suggest there should be better old age pensions and other forms of social security and a higher standard of living for our people, is not that something be given for nothing, not that something be plucked out of thin air, but that this same principle be carried over; that we organize our production on a national scale on the highest possible basis, and then, by a national decision, take a large portion of that increased production and devote it to a great cause.

Mr. BLACKMORE: If the hon. member will permit a question, would he propose to pay for that portion with increased debt in Canada, as we are doing during the war?

Mr. KNOWLES: The minister, in the passages to which I referred, pointed out—although I am afraid he did not really follow it through—that we are paying for this war, not out of some hoard, in other words not out of something that has to be put back, but out of current income, current production. That is our contention—that no matter what the financiers and the bookkeepers may think, the war is being fought to-day, not out of dollars that will be paid out in the future, not out of future production. The planes, guns, tanks, food and clothing we are using in this war are being provided out of present production.

Mr. HOMUTH: Who is going to buy the bonds?

Mr. KNOWLES: We are carrying on the war out of goods that are being produced at the present time.

Mr. HOMUTH: We are also committing ourselves to billions of dollars of indebtedness to our people.

Mr. KNOWLES: We are committing ourselves, unfortunately, to the principle of taxing future production, and of paying a portion of that future production to certain people who are getting control of the debt of the country.

Mr. HOMUTH: Oh, no. The indebtedness is with the people of the country. That is nonsense.

Mr. KNOWLES: We have had plenty of statistics tabled in the house to show how debt in this country is divided, where the national debt will be held in the years which lie ahead, and who will benefit mostly from that.

Mr. HOMUTH: It is held by insurance companies—and that is the money of the people.

Mr. HANSON (York-Sunbury): There were 30,000 people in my constituency who bought victory bonds.

Mr. KNOWLES: Another point I wish to speak about is that this bill has highlighted the principle that it is undesirable to build up inter-allied debts to be carried over into the post-war period. That is the principle which underlay lend-lease when it was initiated in the United States, and I regard it as one of the principles underlying mutual aid in Canada. I have re-read with interest the debate which took place on this point last year when the Mutual Aid bill was before the house, and I think I know what answers the Minister of Finance might make. But it still seems to me that if the principle is valid that we should not increase our inter-allied debts because of the war, then that principle should be extended to the point of our endeavouring now to clear the decks of such inter-allied debt as we had before the war.

I feel it should be stated again on behalf of this group that now is the time to be discussing the repatriation of Canadian securities still held in England. We do not feel, and we are not prepared to accept the charge,

that that is demanding cash on the barrel head. The position we would take is this. We support the bill, and we support the view that this contribution should be made, even if there is a refusal on the part of the United Kingdom government to consider the proposal to repatriate those securities. In other words there is no demand, there is no insistance that there must be cash on the barrel head. But we are suggesting that if it is recognized as a principle that inter-allied debts should not be built up, then it is an equally valid principle that such debts as now exist, which call for the diversion of a great portion of the wealth of this country to individuals in other countries after the war is over, should be cancelled. I say that now, when we are pooling our resources, thinking of the indivisibility of the common cause, and working together as a partner with the united nations, is a good time to suggest that there should be repatriation of those securities, so that some of the great corporations of Canada, the ownership of which is now to such a large extent outside this country, might come to the people of the country.

Mr. ILSLEY: If my hon. friend will permit me, when I used the term "inter-allied debts" I meant inter-governmental debts. So that the hon. member is announcing a new principle. He is not applying my principle when he extends the definition of inter-allied debts beyond inter-governmental debts.

Mr. KNOWLES: I accept the statement made by the minister as to his position, but it seems to me that debts which have to be paid to people in another country, after the war, out of wealth produced in this country, have the same effect on the economy of this country and on the standard of living and welfare of our people. I am quite prepared to accept his statement as to his understanding of the principle involved in the bill. But the principle should be carried farther, as I have suggested.

Mr. ILSLEY: Does the hon. member not sacrifice the first principle, the indivisibility of the common cause, if he requires payments in securities? The hon. member could only be proceeding on the basis of the supplying of goods being a sale to a nation whose cause was separate from the cause of the supplier of the goods. If the hon. member applies his principle of the indivisibility of the common cause he cannot require payment in cash or securities.

Mr. HOMUTH: They have always left off the "in"; it has always been "divisibility."

Mr. KNOWLES: There seems to be a good deal of misunderstanding in many quarters around here. I think I made it quite clear a moment ago that we feel that payment in these securities should not be demanded. In fact, it is not payment we are talking about, but cancelation of debt. My statement was that we support this measure, first and foremost; and we say that this contribution should be made on the basis of the indivisibility of the common cause. And even though the minister is not prepared to go that far with me, we feel that as part of that indivisibility of the common cause it is a good idea to clear the decks of debt as between nations, between governments and between individuals in those various nations. We suggest that now is a good time to discuss that matter, so that when the war is over we shall not find ourselves with these barriers between us; barriers which were there before the war started. During this war we have realized that trade among nations, particularly with respect to war supplies, but also with respect to food and other civilian goods, must be planned. We have developed the concept of bulk purchases. We even had an announcement in the house not long ago from the Minister of Agriculture (Mr. Gardiner) respecting a plan for the sale of bacon to Great Britain over a period which we hope will extend into the post-war years. Our contention is that these principles, which the war has forced us to recognize, are good.

Thus I emphasize the indivisibility of the common cause, and the fact that when we devote a large portion of increased production, or more than the increase, to a great cause, we are not bankrupting our people. I suggest also that the principle of clearing the decks of debts which have been barriers between us is a good one, and should be carried over into the post-war period.

Mr. HOMUTH: In 1939 and 1940 how were you contributing to the common cause?

Mr. KNOWLES: It was not my intention, Mr. Speaker, to speak at length, but I have been kept going by the interesting interjections which have been coming from various quarters. However, I was anxious to make clear our position in respect of this measure. We feel that the principles to which I have pointed as being part of this bill should be highlighted, should be remembered and should be acted upon, not only now but after the war. We feel, too, that at the present time this measure should pass.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I made some comments on this matter yesterday when it was in the resolution stage. There is not a great deal more that I care to say, but since the bill is up for second reading and some hon. members have

preceded me, I am prompted to say a few things further. This group was in favour of the principle embodied in this bill as far back as when we first began to give aid to Britain a few years ago, and has consistently favoured it throughout.

On the surface the bill appears to be a magnanimous gesture on the part of Canada toward the united nations, but it may not be so magnanimous when all the details of the intricate financial operations are understood. I do not claim to understand them all. On the surface it appears that we are producing so much goods and are taking $800,000,000 worth of them and giving them to the united nations. That is the general and broad principle; that is why it appears to be a magnanimous gesture. When it comes to the financial operations and all the details of how the thing is handled, that is another matter, and one which requires a good deal of study. I do not claim to be a financial expert. As a matter of fact some of us have been studying some of these things for a good many years and even now I must confess that I feel I am only beginning to touch the fringe of a tremendous and vast subject. That is the thought that strikes me when I begin to go into all the intricacies of the machinery of our financial operations.

However, it does not take a great deal of study or a superabundance of intelligence to understand a few of the outstanding principles embodied in a measure of this kind or even in the general economy of the country or of nations as a whole. I said that on the face of it this bill appears to be a magnanimous gesture to the united nations, and I do not see how one can oppose it on those grounds. I have heard the remarks of one or two speakers this afternoon and it seems to me they might benefit from an imaginative illustration of what the government is doing. Let us suppose I find myself mixed up in a sort of brawl, that I am faced with a parade of rebels coming down the street with torches, sticks, guns, axes and clubs and my neighbours come running to me saying: They are going to burn down your house; they are against us! My friends step out and try to disperse the mob, and in doing so they use my axe, my gun and my pitchfork. After they have dispersed the mob should I turn to them and say: Thank you, gentlemen; that was a wonderful thing, but you have destroyed my axe, you have broken my pitchfork, and I will have to charge you for them; you have destroyed my land and my garden, and you must pay me so much money?

Of course you would say that would be a foolish thing to do; you would say it would be senseless to do that. But in principle that is exactly what is happening. I am certain that if it had not been for many circumstances the nazis might have completed their march of the continents. Some things have happened in this war which were considered impossible when it started. When we see that happening which was thought to be impossible, there is no reason to sit back and say: We are far away from the scene; the nazis can never get over here. They might have got over here; we do not know.

For instance, what happened to Great Britain? That country took the greatest possible punishment that any nation could take. The hon. member for Wetaskiwin (Mr. Jaques) was in England a few months ago, and he told me the other day that one out of ten people you see on the streets of England is in uniform. We know that England took it. What are we doing now? We are simply saying: We want to share in this; and we take measures such as this to carry out that wish.

However, as I said, it may not be such a wonderful thing when we consider the details of its operation. The minister may correct me if my diagnosis of these operations is not the right one. There are a lot of intricacies about the way this proposal operates. I cannot go into the minister's department and discover this, that or the other thing, although I might be welcomed there. It seems to me that the net result of all this kind of legislation is simply that we are giving Great Britain a credit of $800,000,000. That is reflected in the goods that we ship over there.

I do not know whether the minister will answer this at some future time, but I should like to ask whether it makes any material difference, whether $800,000,000 will go into the Canadian debt structure or $800,000,000 into the British debt structure. The hon. member for Richelieu-Verchères (Mr. Cardin) said, as I understood him, that he wanted to know the goods that went over there, that there should be a sort of inventory made of what was shipped out. To my mind in an operation of this kind it does not make a particle of difference what is shipped out. As a matter of fact I have some doubt whether the government can tell us what goods will actually come under this particular measure. So far as I can see, in the end it only means that Great Britain will not have to pay Canada $800,000,000. In other words, $800,000,000 is lopped off Great Britain's debt to Canada.

There is another aspect of the matter which, while it has not confused me, has given me occasion for some little thought. While this may appear to be a gift to Britain, in reality it is not a gift of goods to the Briitsh people.

In other words, the British people are not getting their goods for nothing. They have to pay for them just the same. A million sacks of flour, we will say, go over to Great Britain. Suppose there is a label on those sacks of flour, "Gift to Britain" or "Mutual Aid to Britain—milled in Canada." That does not mean for a moment that the people of Britain can go to the retail stores and say: Oh, this is a gift to us; I will take one of those sacks of flour. No, the people of Great Britain when they want to buy that flour must pay, to use the expression of the Minister of Finance, cash on the barrel head, whatever that may be—I do not know why barrel head is brought into it. I would like the minister or some other competent authority to trace that money through. Here are half a million people buying half a million dollars' worth of our goods. The money comes out of their pockets. It passes over the counters. The retailers get the money and pay their debts, and where does the money eventually repose? I ask that question. I have not been able to follow it through. Does it repose in the British treasury, or does it repose in some purchasing board or in the banking institutions of Great Britain? That may be a small matter, but it is something I would like to have made clear. So far as I can see, the only result is that $800,000,000 of credit is cut off from the debt owed by Great Britain to Canada.

May I put it in this way? We pass this bill, and we send to Great Britain $800,000,000 worth of goods. Those goods have to be paid for in Canada; the $800,000,000 to pay for them comes out of either borrowings or taxation, and I think it will be discovered that most of it comes out of borrowings. The people of Canada then owe the greater portion of that $800,000,000; for it is chalked up as part of the national debt. Personally I do not believe that Canada's debt will ever be paid off; it may be, but I do not think so.

Mr. HOMUTH: Not with this government.

Mr. HANSELL: I do not think it will be paid off with any government, and when I make that statement let me say emphatically that I am not breaking down any confidence which the people of Canada have in the victory bonds they now hold. They will be paid, certainly. They will be paid through some sort of refunding scheme; we shall continue to refund every so many years and the debt will still remain. This $800,000,000 will go into our debt structure, and it can remain there, so far as I am concerned, for centuries to come. The burden on the people of Canada is to pay the interest on that $800,000,000.

Let us transplant our thoughts for a moment to Great Britain. Suppose Great Britain handles her debt as we handle ours, and retires her maturing obligations only by postponing them through a process of refunding. If my premise is right, why cannot the $800,000,000 go into the debt structure of Britain instead of into ours? That is a question I should like to have answered if possible.

Some who have spoken this afternoon have referred to the merits of this bill with respect to the post-war period. By this bill a certain principle is established, I agree; and what is the principle? The principle that is established is that it is possible to pay for something, and then after you have paid for it or borrowed to pay for it—I do not care how it is done—it is possible to give it away.

The hon. member for Winnipeg North Centre (Mr. Knowles) has stated that what we need in the post-war period is to organize our production on a very high level, perhaps on a higher level than that of to-day. I have no fault to find with that, except that if that is all you do, you do not solve the problem; for the problem that Canada faces now is not the problem of production at all. That problem has been solved. As the Minister of Munitions and Supply said last night, our present productive genius has reached the point where we can produce everything in Canada. The problem now is how to get the goods to the people. You cannot get them to the people through the amount of money that goes into the pockets of the people in wages, salaries, dividends, interest and profits, because there is not enough money coming out of that process to buy back all the goods that can be produced, and so you will always have a surplus of goods. As the surpluses pile up, you are going to put men out of work. The problem is not to find everybody jobs. As a matter of fact in a very high order of civilization the cutting down of the working hours, reducing the number of man-hours, giving people more time to themselves—that is the ideal objective. If by a process of using purchasing power as a free gift to our people, starting with old age pensions if you like, you can buy the surplus goods and get them into the hands of the people who need them, I ask, is there anything wrong with that? Oh, somebody may say, that would be something for nothing. My friend says it does not come out of thin air. Let me change the terminology and say that by the use of free purchasing power the money will come out of the end of a fountain pen; for that is the way the money comes out now, and it stands as a debt.

If the principle of this bill is right—and evidently it is, for it is working—there is no reason why the principle of the bill cannot be applied in the post-war period. There is no reason why we cannot produce and buy the goods, do the same thing we are doing under this bill, but give them to our own people instead of to the people of other nations. That is my position.

I agree with the hon. member for Winnipeg North Centre that an important principle is involved here, and the charming thing about it is that it is a principle that is working. Let us put it to work inside Canada when peace comes.

We in this group, Mr. Speaker, are in favour of the bill.

Mr. KARL K. HOMUTH (Waterloo South): Before we carry this bill there are one or two remarks I would like to make with respect to it. I listened attentively to the remarks of the hon. member for Winnipeg North Centre (Mr. Knowles), acting leader of the Cooperative Commonwealth Federation, this afternoon, and his enunciation of great principles touching what we should do and where Canada should stand. My memory went back to the years 1938, 1939 and 1940, when the principle enunciated by the hon. member's party was that the only attitude Canada should take in the war was, how much profit could we make out of it and how many jobs could be provided in this country by supplying materials for overseas.

The one matter about which I am alarmed is as to what materials are being purchased with the money voted under this and like bills. No one doubts that, regardless of all the resolutions which are passed and all the committees which are set up, when the war is over there will be strong economic competition between countries. In the little yellow book containing the report of the Canadian mutual aid board I note a list, running only to the end of March, 1944, of of some of the things we are purchasing and providing for Russia. That country has always been represented to Canadians by members of the Cooperative Commonwealth Federation party as a land flowing with milk and honey, with an ideal diversity and divisibility of effort, where nothing is wrong, where collective farming and every other activity ordinarily associated with socialism is practised; and in this list I observe that large numbers of machines and quantities of other equipment are being dispatched to Russia under this mutual aid arrangement. If my information is correct, orders from Soviet Russia to the value of millions upon millions of dollars are now being worked on in various factories of the dominion. I think the people of Canada would like to know whether these products, particularly these machines, are for war purposes. Personally I think they are not, because the orders I have in mind cannot be completed before the end of the war if the war should end within the next two or three years. How much of the money allocated to mutual aid is going in payment of these machines? It must be assumed that these machines are to go into the economic set-up of Soviet Russia and will be operating in the economic war which will follow this war; and unless the Russians raise their standards of living to those of Canada—which, however some may criticize them, are the highest of any country in the world—these machines will be operated against the interests of the working men of Canada.

Mr. ILSLEY: The hon. gentleman is mistaken. No non-war machines are being supplied to Soviet Russia on mutual aid.

Mr. HOMUTH: I am willing to take the minister's word for that, but it does not wholly reassure me. If Russia has money to pay for these millions upon millions of dollars' worth of orders which are being given in Canada for the advantage of their future economy, they should be able to pay for some of the things which come under the mutual aid scheme. I do not know how the matter is worked out. I doubt if the minister knows; I doubt whether anyone knows except Russia herself. It is a serious matter, and we should see to it that whatever money we freely give or whatever equipment is provided without charge is given in such a way that the interests of Canadian working men will not be jeopardized when the war is over.

Mr. H. R. JACKMAN (Rosedale): I not only support the administration in the $800 million mutual aid bill, but, as the minister probably knows, I go somewhat farther. I did not have the pleasure this afternoon of hearing the remarks of the hon. member for Richelieu-Vercheres (Mr. Cardin) or all the remarks of the hon. member for Winnipeg North Centre (Mr. Knowles); but knowing the tenor of the remarks of the first-mentioned hon. member I should like to say a few things with regard to what I consider mutual aid to be.

The present resolution calls for an additional $800 million, which is $200 million less than last year. As to the part of the $800 million which goes to Britain, we know that Great Britain has virtually no Canadian assets with which to pay for the war material which she receives.

Last night the Minister of Finance (Mr. Ilsley) put on the record the various amounts of Canadian securities held in Great Britain which were taken over, the amount of gold, and also the amount of $205 million in war assets owned by Great Britain in Canada, some of which represented plants constructed here before the war for the purpose of producing shells and other necessary munitions. There are to-day virtually no Canadian assets held by Great Britain, and if we are to supply these various munitions to that country so that she may use them in the fighting, they must be given to her, or provided; and it is not considered good policy on our part, even good business, to take back a note which might be payable some time in the future—not considering for one moment what the equity or the morality of the case might be.

However, I should like to point out what the Minister of Finance said on March 18, 1942, in answer to some of the allegations made by the hon. member for Richelieu-Vercheres. He said, as reported in *Hansard*, page 1423:

> I should also mention that the arrangements proposed in this resolution do not alter the amount of money we must raise in Canada for war purposes.

In other words this so-called gift is a horrible misnomer; it is not a gift to Great Britain, as I shall hope subsequently to prove; it is in reality, although this may sound strange to some, a gift to Canada. The minister went on, referring to the amount of money which Canada must raise:

> That is determined by the scope of our effort and not by the method of settling the accounts. Whether we lend the money to Britain, or give the goods to her, we must continue to find the funds to pay Canadian farmers, fishermen, lumbermen, miners and munitions workers who produce the goods. All that is really in question in this resolution, and the bill which will follow it is the means by which the accounts are to be settled—who is to be charged for them and what form the international balance sheet will take.

So that we have it on the highest financial authority in the house that this so-called gift is at no cost whatsoever to Canada, because we would be producing the goods in any case, or incurring the costs which are involved in these goods, whether in the manufacture of the goods or in some other form of man-power which I shall subsequently illustrate.

So far as the hon. member for Winnipeg North Centre is concerned—and I assume he is speaking for the Cooperative Commonwealth Federation party—we find that on September 9, 1939, during the short war session, the following statement by the hon. member for Rosetown-Biggar (Mr. Coldwell), the leader of that party. Reading from the platform of his party he says:

> Canada should be prepared to defend her own shores, but her assistance overseas should be limited to economic aid—

Now I assume, Mr. Speaker, that that economic aid was not going to be something with a dollar or sterling sign attached for which we were going to bring back money. I presume that the leader of the C.C.F. party meant, when he said that Canada's contribution should not be man-power but economic aid, that it was to be at least a free gift. If I am wrong in that, I hope that whoever speaks for the C.C.F. will correct me. Then he goes on:

> —and the aid must not include conscription of man-power or the sending of any expeditionary force.

Furthermore, in section 3 of their declaration, he states:

> No military participation overseas: Any attempt to send a force abroad would rob us of the man-power necessary for the defence of our shores and for home production.

I assume that home production does not just mean necessary foodstuffs and clothing to look after the Canadian population, but home production of that economic aid which the leader of the C.C.F. was willing that we should give to our ally fighting in the cause of humanity.

So that we find that both the Minister of Finance, acting for the government and the party he represents, and the C.C.F. at the present time in their suggestions that we take back not only what we have in the way of Canadian securities held by Great Britain, but also any small amount of securities, relatively, which they may still have but which have been in effect pledged against the $700,000,000 credit—both wish to take back these very securities at a time when Great Britain is, to say the least, at a disadvantage if not down as far as financial bargaining and fair treatment are concerned.

What I want to point out is that when Canada declared war, we declared an all-out war. We were not holding back some of our man-power for our own purposes. We decided that we would go into the war because we felt it was our war, that Canada would be ultimately in danger and that we must contribute everything possible. Because of the protection which this country was afforded by the Royal Navy and by the battle line which was held so well by Great Britain, we have been privileged to produce goods in this country, and if we had not been able to produce goods in this country we should have

been in a very sorry plight. And may I suggest that it was unfair of Canada to take back from Great Britain any of the Canadian-held securities in that country, because, if we were waging an all-out war, it was impossible for us to build up a debt against one of our allies who was in turn using those munitions and foodstuffs in order that she might more effectively fight the enemy, who was also our enemy, but which enemy happened to be at our ally's front door. If we had not sent the goods, whether foodstuffs or munitions of war, which have been sent under the billion-dollar gift and under the subsequent mutual aid measures to Great Britain and the other united nations, we would not have produced those goods in Canada, because in an all-out war we produce only enough to look after the necessary supplies and requirements of our own people, and the surplus man-power over and above the number necessary to produce those supplies will be put into the fighting services in order that the enemy shall not come to these shores.

But what did we do? It may have been the best policy from the point of view of high strategy to keep a larger number of men in this country producing these necessary goods and materials for our allies instead of having this extra number of men in the fighting services, whether it be in the navy, in the army or in the air force. We were allowed to keep these men here producing these goods and still come under the scope of an all-out war effort. Had we done less, we should not have been able to consider ourselves as fighting an all-out war—and I am not suggesting for a moment that we did not do the right thing, because our material contribution has been most effective. But it has only been a substitute for sending more men overseas. We in this country, as we hear so frequently, are a most productive nation and have produced far above the amount necessary for our own consumption. We have enjoyed a standard of living, since the war, which the people as a whole have never enjoyed before. But on top of that production we have been enabled to send foodstuffs and munitions to Great Britain and the other united nations. I suggest that not only should we not ask for payment, but we should not have taken the last Canadian dollar from Great Britain or any other of the united nations. Just because they had some Canadian money, we took it to the last cent. We did not take more because there was no more to take. But if the policy of the present government had been followed through and there had been more money I assume there would not have been any billion dollar gift, nor would there have been any mutual aid. We took the last drop, and no more, because there was no more.

What has been the effect of this privileged position in which Canada finds herself? It simply means that we have been enabled to keep more men at home producing these necessary goods and still have an all-out war effort. If we had not been able to do that and had had more men in the armed services, those men would have been available to fight. Go through our aircraft factories and you will find young men, from twenty to thirty, receiving the highest priorities because they are working on essential war material. But if we had not been sending these articles over, these young men would have been in the services; many of them unfortunately would lose their lives or come back maimed, and we would have a pension bill to pay and allowances of one sort and another, which would be more costly than the few hundred millions that we contribute annually by way of mutual aid.

I say therefore that mutual aid is not a contribution or a gift to Great Britain. It is a gift to Canada, and if I were of the same mind as some of my colleagues in this house—and I presume the speech of the hon. member for Richelieu-Vercheres was along the same line as it was in former sessions—I should be in favour not of $800,000,000 to the united nations through mutual aid; I should be in favour of a $5,000,000,000 gift, because this money symbol which we talk about merely confuses the issue. The $800,000,000, or $5,000,000,000 is merely a sign which, as the Minister of Finance has said before, measures the extent of the man-power effort; and if we were privileged to make the $5,000,000,000 gift of munitions and foodstuffs to the allied cause we would have to have more men retained in Canada. So that if we are giving $800,000,000 it means that we in Canada are privileged because of our position, because of the protection afforded us by the air forces of the united nations, and particularly by the Royal Air Force and the Royal Navy, to make a most valuable contribution by keeping a certain number of our young men at home working in essential war industries and on farms. I point out again that the so-called billion dollar gift, originally, and now mutual aid, is nothing more than self-aid to Canada. I do not think, sir, anyone needs to point out that no country has made a greater contribution relatively and perhaps absolutely to the whole war effort than has Great Britain. Certainly the battle of Britain made it possible for the

nations on this side of the ocean to arm and gird themselves for the conflict, so that they might fight for their self-preservation. We see the happy results of that preparation in the attacks which are going on to-day, notwithstanding the fact that we must at the same time also suffer the loss of many of our loved ones.

I should like to answer one of the arguments of the hon. member for Winnipeg North Centre (Mr. Knowles), who said that since we have taken back all the Canadian government and government-guaranteed debt held by Great Britain, we should also take over the shares of certain corporations, particularly if they have a strategic value in implementing the policy of the party to which the hon. member belongs, with which policy few of us agree. I say that to suggest such a thing now, in the face of the arguments I have put forward, is nothing but—I do not want to use a word for which I should be sorry later, but to my mind it would be very low dealing. We are participating in a common cause, and that participation cannot be measured in dollars and cents. We must all do our utmost, and we ought not at any time to have taken from Great Britain the securities which were repatriated, because Great Britain was at a disadvantage and had to make any agreement necessary in order to get the supplies she needed. I am not suggesting that we would not have given them to her anyway; as the Minister of Finance said, it has not cost us anything because we would have spent the money anyway. I do not know who advised the action, but because Britain had those securities we took them back, and it was unfair. What I have said applies not only to our own country. I think of our good neighbours to the south, who under lend-lease have made most valuable contributions to the various united nations. In the early days of lend-lease, however, before the United States became an active participant in the war, United States securities held by British nationals were taken over and there were also forced sales of British-owned American plants, such as the American Viscose company and others. And that was exactly what we did, to a certain extent. There may have been some excuse for this action on the part of the United States, because she was not an active participant in the war, as we were almost from the very beginning, and she had to placate a large body of isolationists among her people. Those circumstances did not apply to Canada in any way. I believe the principle of lend-lease should be extended in its entirety, and I do not think there should have been any improvement in the position of any country as a result of the war. It was said by the Prime Minister of New Zealand, and heartily endorsed by our friends of the C.C.F., that no man should be better off because of the war, and I would extend that principle by saying that no nation should be better off because of the war. When one country fighting in a common cause with another takes advantage of that position and acquires certain assets which the other country possessed, and now has them in her own treasury, certainly that is taking advantage of a country during a crisis and while a common cause is being prosecuted.

I believe the whole idea of mutual aid has been confused by the dollar sign. I find that some people who should be in a position to know better, because of their handling of financial affairs, do not fully understand this matter. I have tried to point out that we have not been making a gift to anyone except to our own people, and I am thankful that we have been able to do so, that we have been able to keep some people at home here and put them to work effectively helping to win the war without having to risk their lives. However, I suggest that in the post-war period, when the largest purchaser of Canadian products can no longer buy our goods so extensively because she will not have the Canadian exchange with which to pay for them, the effect on Canada's trade will be bad. So that perhaps in the long run we have not helped ourselves by trying to balance the accounts by taking over some of these securities. Certainly it is my reasoned judgment, and within my conception of the nature of mutual aid and the financial consequences attendant upon it, that this country should return to Britain the Canadian securities which were taken from that country, because we are all fighting in a joint effort. No one will rise in this house and suggest that Great Britain's effort has been less than ours, or that our effort has been less than that of any other nation. We are all engaged in a common cause, and these financial considerations should not be taken into account, nor should adjustments be made at the present time or perhaps at any time. We are all involved; we are marching together along the road to victory.

Mr. MAXIME RAYMOND (Beauharnois-Laprairie) (Translation): Mr. Speaker, I have listened carefully last evening to the remarks of the Minister of Finance (Mr. Ilsley) in support of the present bill which he calls a mutual aid bill. According to the statement of the Minister of Finance and the explanation of the meaning of the words "mutual aid," the assistance which the other nations give us in

return consists in their fighting efficiently at our side. But if it be true that they fight with us, we also fight with them. Therefore, if, according to the Minister of Finance this is what mutual aid means, then we have done our share. However, the Minister of Finance seems to forget the speeches made by the Prime Minister, by the ministers of national defence for air, for naval services and for the army, in which they claimed that our war effort was greater than that of any other country. Therefore, since our contribution in men, war materials and supplies of all kinds, in proportion to our population and to our means, not only equals but exceeds that of any other country, why, then, this additional contribution in the form of a gift, of a gift in disguise. Indeed, we have been hoodwinked long enough. Words are used in an attempt to mislead us as to what is being done.

This morning I was reading the debates of the British House of Commons on the budget as presented, and here is what Sir William Smithers said on April 25 last:

(Text):

The right hon. gentleman also referred to the help that we get from overseas. I wonder if the country realizes what that really means. America is sending us not only munitions of war but food and raw materials on lend lease principles. I do not know of any account that is being kept of this. I have not seen any published.

Canada in 1942-43 made us a princely gift of £225,000,000—

That means a billion dollars. And do not forget—"a princely gift". It is a gift. Then:

—in 1943-44 a further gift to the allied cause on lend-lease principles of the same amount, and she is going to do the same this year.

They call that a gift. And then he says:

I understand that Canada is also supporting the cost of her own forces wherever they are.

We are paying for them—for every soldier we send overseas. We are supplying them with munitions. And now we are asked to give another gift of $800,000,000.

(Translation): How is it that Canada, of all the members of the British Commonwealth, is the only one to make such gifts? Since the beginning of the war, Great Britain, Australia, New Zealand nor South Africa have never included such items in their budgets. I defy anything to compare with this gift we are making. And I am not alone of that mind. On February 11 last, the hon. member for Parry Sound (Mr. Slaght) called the attention of the Minister of Finance to this fact and requested him:

To eliminate entirely an allowance by way of mutual aid this year.

And he added:

No other of the commonwealth nations makes any such allowance. Our own contribution in maintaining our own armed forces and our other obligations is heavy indeed. We can be proud of that, aside from an additional mutual aid allowance.

Such were the words of the hon. member for Parry Sound, in this house, on February 11 last.

In his statement yesterday, the minister said that the principle of mutual aid or lend-lease would not hold if we were to demand a machine for each machine, a dollar for each dollar we supply. However, the Canadian Mutual Aid Board, in their report, state that:

Up to the present Canada has not sought such reciprocal aid, because she has had funds to pay for what she required in the countries receiving mutual aid.

In other words, when we enjoy any aid, from Great Britain or the United States, for example, we pay machine for machine and dollar for dollar, and this is borne out in the report. Why this discrimination? On the one hand the aid is granted free if we are on the giving end, on the other it is costly, if we are on the receiving end. The official report of the Canadian board goes on to state that this is due to the fact that we had funds to pay for what we required in the countries receiving Mutual Aid. Well, does not Great Britain, as the hon. Minister of Finance stated last night, still hold $700,000,000 in Canadian securities? We pay for the aid we receive because we have funds to do so. Why should not the countries who receive aid from us and who have funds to pay for it follow our example? We have contributed a billion dollars in 1942, a further billion in 1943 and now, we are requested to supply an additional sum of $800,000,000. I claim it is an excessive contribution for a small country like ours which is still in the stage of development. In terms of our national income, our war expenditures, our federal revenue, our national debt, this expense is not justified. Do you know what the amount of $2,800,000,000 represents? Twelve per cent of Canada's national income for the past three years, 38 per cent of our federal revenue in the same period, 50 per cent of the increase in Canada's funded debt from March 31, 1942, to March 31, 1944. Canada, moreover, since 1942, has given away, as a present, an amount nearly double the cost of the last war; and that is exclusive of all we are doing in this war, exclusive of our war effort which is greater than that of any other country. According to a government publication, *Canada at War*, issue of last January, the war of 1914-1918 cost us $1,700,000,000, including demobilization ex-

penses. The amount of $2,800,000,000 which we have spent in the past three years represents a debt of $250 per capita upon Canada's 11,600,000 inhabitants.

Apart from Canada, only the United States has given mutual aid, but the wealth and income of that country are far greater than our own. Their present national income amounts to the tremendous sum of $180,000,000,000 per annum, which is about twenty times higher than ours, and their revenue for 1944 will come to $42,578,000,000, that is, about twenty times our figure. According to a preliminary report submitted by the Lend-Lease Board and put on record in the American senate last April, the United States between March 31, 1941, when they adopted the lend-lease bill, and March 31, 1944, delivered, under lend-lease, various goods amounting to $21,794,000,000.

That represents, mind you, only 5 per cent of their national income for the last three years, whereas our gifts equal 12 per cent; that also is only 25 per cent of their federal income for the same period, as compared with 37 per cent in the case of Canada; in fact, that represents an increase of only 15 per cent in their public debt since 1942, as compared with 50 per cent in the case of Canada. On the other hand, we have had nothing in return, absolutely nothing. Yet, our war effort is greater than that of any other country; we are making gifts which no other country makes. Here is what the United States receive for the mutual aid it gives in the form of lease-lend loans. It has obtained naval and air bases in British colonies on this side of the Atlantic and industrial and commercial advantages in latin America, Africa and the Far East; for instance, in Australia, lease-lend assistance serves to pay the cost of the maintenance of American troops in the Pacific zone, which reduces to that extent the apparent amount provided in the form of mutual aid. Until now, Canada has not benefited from mutual aid, or at least the government have never disclosed anything in that connection.

Now, is any thought being given to what these sums represent for Canada; is it realized which use this country could have made of the $2,800,000,000 it has distributed outright? In the first place, a better salary could have been paid to our workers. According to the Marsh report, in 1941 the annual income of about 62 per cent of Canadian wage-earners was under $950; yet, a gift of one billion dollars was made! At this time the annual income of nearly 60 per cent of Canadian wage-earners is lower than $1,400 which is the minimum on which a family may enjoy a decent standard of living.

To what other uses could that money have been put? It could have helped to raise the public health standard. The medical examination of draftees shows that about 55 per cent of these men are unfit for active service. Those gifts could have been used for the elimination of slums in our larger cities. Let it be remembered that to-day in the city of Montreal some families have to live in garages. People were living in shacks where children suffered from cold last winter under conditions that are absolutely unsanitary and where those children are exposed to tuberculosis. That is what could have, but has not, been done. It was deemed preferable to achieve a war effort greater than that of any other country, and to make further gifts, amounting to billions of dollars.

Mr. Chairman, those are some of the reasons why I oppose this new gift of $800,000,000.

(Text):

Mr. NORMAN JAQUES (Wetaskiwin): Mr. Speaker, since it was my good fortune to spend several months last winter in Great Britain I feel I should pay a humble tribute to the people of that country for the contribution they have made and are making to the common cause of winning the war. Mention has been made of Canada's gift to Great Britain and the allied cause, but may I remind some hon. members that those gifts had to be taken by sea and distributed to the various countries. I travelled to Great Britain in a convoy last December and I was two weeks on the Atlantic after leaving Halifax. I talked to the officers and men of the ship I was on, and I learned a lot and heard a lot about the business of convoying which I had not heard before and which I doubt very much the majority of people know to-day.

Unlike battles on the land or naval engagements, the convoys are more or less secret. Losses are not reported. I was unpleasantly surprised to hear that at the time I was crossing sinkings were quite frequent. I do not think there was a man on the ship, and if there was I did not meet him, who had not been torpedoed at least once. The captain had had three ships sunk under him and most of the officers and the crew had experienced more than one sinking. I must confess that I found those two weeks rather trying, not knowing from one minute to the other whether the ship might be suddenly blown up. Mine was a voyage of only two weeks, but the merchant seamen of Great Britain have been undergoing this strain since the beginning of the war nearly five years ago and will continue

to undergo it until the end of the war. I do not think any words of mine are capable of conveying the debt that we owe these men.

I should like to say one word about the convoys to Russia. I was told by some of the officers who had been on Russian convoys that losses of thirty per cent were not uncommon and that on one occasion every ship in the convoy was destroyed. The situation became so bad that for a time that route was discontinued and supplies were sent around the cape of Good Hope and through the near east to Russia.

The people of Great Britain are contributing by means of a reduced standard of living. The ship I was on carried 4,000 tons of Canadian bacon. When I got to Bristol I went into a refreshment room in the station and I suppose the Canadian bacon suggested a ham sandwich to me. I asked the girl at the counter for a ham sandwich and she looked at me and said, "What did you say?" I said, "I just want a ham sandwich." She said, "Here are the sandwiches." I said, "What are they?" She said, "Paste." I said, "What do you mean by paste?" She said, "God knows, it is coloured and flavoured; that is all I can tell you." I do not think she was far wrong.

In all the weeks that I spent in Great Britain I never saw a piece of beef, let alone taste it. Beef was not for the civilian. I was in some of the best clubs in London and the best they could provide was some curried rabbit. There was no beef or steak, none of the things we are accustomed to here. Even the glass of sherry had become unprocurable. I had some wine that came from Algiers, but I was advised to put salt in it which might improve the flavour.

Then Great Britain has had her air raids. I saw several air raids and I saw the evidence of former raids in a number of the cities, such as London, Southampton, Bristol, Liverpool and one or two smaller places. In Southampton, for instance, the whole of the central part of the city has gone. It is as though in Ottawa all of Sparks street and Bank street had disappeared. I was told that the situation in other cities was worse, even for instance, in Plymouth, Hull and Coventry. It was bad enough in the cities that I saw.

Then there is the blackout, which we are spared but which they have to endure. The blackout by itself is bad enough, but when you add fog to it you have a situation that is positively alarming. I was caught one night in the blackout and a London fog. I thought I knew what a London fog meant because I had seen plenty of them before I came to Canada. But I had never seen fog combined with the blackout. There I was in the very centre of London, at six o'clock in the evening, with not a light visible, not a sound to be heard. I was going from the Overseas club in Dean's yard, Westminster, to Victoria station and the only way I could get along was by tapping my stick along the edge of the pavement. I passed a convoy of about eight buses crawling behind a man carrying an oil flare, getting home the best way they could. The people of Britain have had to put up with those conditions for years, which we in Canada fortunately have been spared.

Travelling by train is another hardship. The trains are terribly overcrowded. I remember going from London to Scotland between Christmas and New Year's. I took the precaution to take a first-class ticket and I was in the station an hour and a half before the train started, but that did not help me very much. I should have known better but I had been asked to go and I could not very well refuse. I was caught between two armies at King's Cross. One army was returning to Scotland from Christmas leave and the other army was going to Scotland to celebrate New Year's. I was in between the two armies. The railway officials just threw up their hands and left us to it. I stood there for an hour and a half before the train came in, and I was very lucky to be able to get on board, let alone get a seat. The windows of the train could not be opened because of the blackout; in a very short time the air became difficult to breathe, and I wondered if I was going to survive. I knew I could not stand the whole twelve hours to Edinburgh and I said to myself, "Eventually, so why not now?" And I lay down on the floor and then realized that I had a carpet to lie on at least for the extra first-class fare.

Those are some of the things which, if you look at it in the right way, the people of Great Britain are contributing and have been contributing to the war effort. We have been spared these hardships and inconveniences. Our standard of living is practically as good as it was before the war. There is some inconvenience but not much. You can always with a little trouble get a berth on a train in Canada, but you cannot do so in Britain. You have to stand, and you are lucky if you can get on the train.

Finally, I should like to mention the battle of Britain. In my opinion and in the opinion of most people the war would be over had Britain gone down then. No aid would have been possible to our allies, no invasion of France, no bombing of Germany. Long before this the war would have been over for the greater part of the world. Whether the Germans could have extended their operations

to the western hemisphere I do not know, but there is no doubt about this, that had it not been for the sacrifices and the achievements of the Royal Air Force Britain would have gone down. With the R.A.F. and the R.C.A.F., of whom Churchill said, "Never was so much owed by so many to so few", I should like to link the Polish air force, which fought superbly in the battle of Britain. I was told over and over again that the Polish air force had played a very great part in winning the battle of Britain, that possibly they turned the scale. I was told that in skill and daring they were not surpassed even by our own air force. I mention that because I have not seen it in print and I think our debt to the Polish air force and to Poland should be acknowledged.

These are just a few remarks, Mr. Speaker, that I thought I should like to make as a personal tribute to the sacrifices which the people of Britain have been making ever since the war started and which I observed in the short time when I was over there. I felt that I should take this opportunity to pay that tribute.

Mr. BROOKE CLAXTON (St. Lawrence-St. George): Mr. Speaker, our attitude toward this bill depends on one thing and one thing alone, namely, whether or not we regard this war as our war, as Canada's war, a war in which Canada as one of the allies must put forth its utmost effort. On that score the attitude of this house and of the people of Canada since the outbreak of the war leaves no room for doubt whatever. This is Canada's war, and that means, if we are honest with ourselves and regard our responsibilities seriously, that we must do everything we can to assist in winning the war. We have been fortunate in Canada. We have been spared a great deal of what other nations have suffered. We have been fortunate because of geography, because the United Kingdom stood between us and our common enemy, because she had the spirit and the will to resist when the odds were terribly against her. We have also been spared in Canada because of our own contribution, and if we are sometimes told that that contribution made a crucial difference to Britain and the cause for which we are fighting, then we should be happy that we were in a position to make that contribution when we alone were in a position to make it. What we did with our aid to the United Kingdom and what we have done with our aid to the other allies fighting on our side was to put arms into the hands of those who could best use them for us as well as for ourselves, whether they were our soldiers or the soldiers of our allies and of the sister members of the commonwealth.

[Mr. Jaques.]

The hon. member for Beauharnois-Laprairie (Mr. Raymond) suggested that we should get machine for machine and dollar for dollar. I would have thought that he would be one of those who would recognize that you cannot measure everything in material terms, that you cannot measure everything in terms of machines and dollars, that there are human and spiritual and moral values, and that we are not only fighting for those values but fighting with those values. We cannot match our contribution in terms of minerals and metals and munitions and money with the contributions of other nations such as China, Russia and the United Kingdom, that have made such tremendous sacrifices in lives.

In fact that kind of argument leads to comparisons which not only have no validity but actually are definitely harmful to the cause of the united nations. The united nations depend for their success—and they have a long way to go—on their staying united, on their having trust in each other, on their sharing the burdens in proportion to their ability to bear those burdens. We shall not stay united if we begin to compare sacrifices in terms of so many men, so many lives, so many dollars, and try to strike that kind of impossible balance. All that we can do, if we recognize that this is our war, is to do our utmost in every direction.

It so happens that Canada is one of the few nations on the face of the earth which to-day have an exportable surplus of munitions of war. That is because of our natural resources, because of our geographical position, because of the way in which farmers, industry, management and government have combined to make those resources available when they were needed to make the utmost contribution to the allied cause.

But also, Mr. Speaker, it is important in our discussions in the difficult days which lie ahead—they are going to be difficult—that we should not compare the contributions of different classes and groups in the community with those of other classes and groups, any more than we should make comparisons between the contributions of different nations. No one can measure the contribution of Britain in any measurable terms; no one can measure the contribution of Russia in measurable terms; and I suggest that that kind of comparison should be left out of our discussion if we are to stay united. But also we must stay united not only on the international front against the enemy, but, in order to make our utmost effort, we must stay united on the national front at home.

Consequently, I am sure that all hon. members deprecate comparisons between different

parts of the country and different classes. I am sorry in a way that I was drawn into making such a comparison, or followed someone who did, in the discussion on June 6, when the hon. member for Témiscouata (Mr. Pouliot) said that industry is just as vital to the war effort as what is being done by the soldiers. Well, it did not seem to me that that particular day, when our soldiers had just landed on the shores of Europe, was a good day to make that remark, and I denied its validity. I think I was right in doing that. But I recognize, of course, as do all hon. members, that it is only by the combined efforts of our farmers, our workers, our soldiers, of all our people, of all our organizations and governments, that we can make not only the effort of which we are capable in the war—and which has won the admiration of the world—but also the effort we should make to win the peace after the war.

Unity at home and unity abroad are two things we need to have above everything else. I most sincerely hope that hon. members and others outside will agree with me that comparisons, except for the purposes of decent emulation, are not only invidious but are likely to divide us and divide our allies and assist the enemy, whether that enemy be Hitler or Japan, or the enemies we shall have to meet after the war in the form of poverty and ill health and the other foes we shall then have to face.

The Prime Minister (Mr. Mackenzie King), speaking in London, said:

> Canada's fight for freedom will be a fight to the finish. It is clear to our people that this war is all one war: a monstrous conspiracy of the fascist powers to dominate and enslave the world. Having taken up arms of their own free will, the Canadian people will not relax until freedom is secure. Canada's effort will be an enduring effort.
>
> We have also sought to look beyond the war; to make our effort a long-range effort. The Canadian people, no less than the people of Britain, whose sacrifices have been so great, need the promise of a brighter future. To sustain us in our endeavours, we all need the vision of a new world order.
>
> By coordinated action, by mutual aid, by continuous cooperation, the united nations are achieving military victory. The widest measure of cooperation will be no less needed in the making and keeping of peace. While our primary aim, like yours, is military victory, our ultimate aim, like yours, is a better future for mankind.

This bill and the great purpose it aims to carry out are part of our work to win the war. It also provides that funds shall be available to pay Canada's contribution to the work of the united nations relief and rehabilitation administration, a work which has captured the imagination of civilized people everywhere throughout the world. UNRRA, as it is called, is a partnership of the united nations—the first to be formed. Its aim is to form a community chest to help the nations that are liberated from the enemy to help themselves. UNRRA naturally follows mutual aid, and that is why the two are dealt with in one bill. Victory cannot be won only with the defeat of the enemy. The provision of relief to the people of Europe and Asia who are liberated by the arms of our soldiers and our allies is part of the victory for which we are fighting. Their rehabilitation is part of the victory for which we are fighting. These two great objects form one part of the total defeat of our enemies in this war and in the peace—in war our enemies are Germany and Japan; in the peace, the enemies are fear and poverty and want.

Mr. FRED ROSE (Cartier): Mr. Speaker, the sum of $800 million suggested for the provision of war-time mutual aid may seem to some too large, while others believe that it is not enough. I hold the view that this amount falls far short of what it is Canada's interest at this time to give her allies. In fighting this war we pay for the clothing, the food and the weapons of our soldiers. This is a fact that is obvious to everyone, but what has not yet become clear to many is that we also have to supply these needs to those people who are fighting the common enemy. A Canadian fighting in France to-day, having beside him a British soldier or a Frenchman, would be only too happy to see that man with the finest equipment, to help him in the battle of liberation. That is the way we have to look at the problem of mutual aid.

I appreciate the words of the hon. member for St. Lawrence-St. George when he spoke of the humanitarian approach rather than the approach of those who give us cold figures to show what we could do with the money. There is one little thing they forget, that there is a war on and that the war has to be fought to the end, to victory; otherwise we shall have very little. War business as usual, I am very happy to see, is not making the grade in this war, and because we refused to allow the old methods of the last war to act as a brake on our war effort we naturally decided on mutual aid. Our population is 11,000,000 in three million square miles and we are short of military man-power for its defence, but we have a very large productive capacity to aid others who are fighting the same enemy. What was physically possible had to be made financially possible and this mutual aid was our answer, a war-time necessity.

According to the statement made by the Minister of Finance (Mr. Ilsley), expenditures for war supplies transferred to Britain in the course of last year amounted to $724,000,000 out of a total of $913,000,000. According to the same statement, a further quantity of munitions amounting to $90,000,000 was purchased by Britain through drawing on the funds she had previously paid into the munitions production revolving fund, and another $165,000,000 of equipment was purchased by the British government through selling their interests in Canadian plants. Thus, we actually sent to various united nations munitions and other materials amounting to a sum away beyond the one billion dollars. The present figure is $800,000,000, allowing $77,000,000 for UNRRA—quite a reduction.

I ask the house, why the reduction at this time? When men of the united nations are involved in the hardest of the battles, why should we at this time decide that this reduction is justifiable? Materials will be expended at a great rate and we should have no illusions. We have still to learn the amount of material that will be needed. We have learned the lesson of Cassino. At Cassino we learned that planes are good but that we need more and more guns and shells; hence we had suddenly to step up production of guns and shells. We learned at Sicily that we need a lot of automotive equipment. We were short of trucks and many other vehicles and we decided to step up production.

It is better to have more than less. We cannot afford to start learning lessons at this time. The nazi war machine has not yet unleashed its full counter attacks. We do not know what it will be, but we expect that it will come; and the Germans, who still have the European production machine at their disposal, must be met with more powerful material. For that reason the reduction is not justifiable.

The report of the minister notes that war supplies transferred to Britain amounted to $724,000,000; to Russia, $23,000,000; to Australia, $21,000,000, and to China, $4,000,000. In view of the enormous scope of the Soviet and Chinese war efforts, what was allocated to the forces of those nations appears remarkably small. It is natural, because of our closer relations with the British and of earlier placements of war orders in this country, that they should receive the largest share of mutual aid. It scarcely seems logical, however, that Canada should continue in the position of debtor to Britain. In the matter of this indebtedness, I want to quote from a statement of the Minister of Finance to this house on March 18, 1942:

I have not the accurate figures, but there are Canadian dollar securities still owned in the United Kingdom having an approximate value of $700,000,000. Also there are certain sterling securities on or in Canadian property and enterprises which may have a value of something like $300,000,000.

Prior to the billion-dollar gift to Britain which preceded last year's Mutual Aid bill, this country financed British purchases of munitions by repatriating $700,000,000 of Canadian securities. Without stinting anything to the British, I still cannot see why we stopped short there, why we stopped repatriating Canadian securities.

In connection with our expenditures on mutual aid, I wish to say a few words about certain isolationist elements in the province of Quebec who are loud in their condemnation of any contribution to help the allies in fighting the common enemy. They cynically call themselves nationalists, although they should be the first ones to know that if the nazis had won the battle of Europe, even if they had not crossed over here, the situation for all peoples would have been a terrific one, and French Canadians would have been among those to lose all the rights they have at the present time. What is more, I have heard them here on a number of occasions complaining of a few workers having been sent away from a war factory somewhere in a town in Quebec. I do not understand such logic. If you do not want any war orders; if you do not want to give help to anyone, why do you complain when a few people have to be laid off because of curtailment in production or because of certain changes in types of shells in Bouchard or somewhere else? What gives work to some people in Montreal and elsewhere in the province of Quebec? What gives work to aircraft workers at Noorduyn, Vickers and Fairchild?

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. ROSE: Mr. Speaker, mutual aid has given work to many people in the province of Quebec. The aluminum sent to our allies came from the Arvida area, the guns from Dominion Engineering and Sorel Industries, the shells from the Cherrier and Buochard filling plants, wireless apparatus from Marconi, RCA-Victor and Northern Electric, the tanks from the Angus shops and Montreal Locomotive, and clothing from many of the clothing plants throughout the province. Yes, mutual aid has given work to the people, and they have no

kick coming in that regard. Are they opposed to the idea of this aid, as some of the isolationists try to make out? I should like to give this house an example to show that the people of Quebec are just as conscious of the need of aiding the allies on behalf of Canada as is anyone else. Some time ago there was a campaign in aid of Russia, during which a collection was taken up at the Angus shops in Montreal, where the greater percentage of the workers are French-Canadians. In the course of a few days they gave, out of their own pockets, some $3,400. They have no complaints about mutual aid.

Unfortunately, however, there is a small but loud group whose hatred, I would say, of the British people and whose love for isolationism blind them to the realities of life. The great patriots of Quebec were not anti-British. I recall the letter sent by the committee of patriots, signed by Louis Joseph Papineau, in which he told the British people that he had no quarrel with them. He differentiated between certain ruling groups and the British people themselves. Unfortunately some people in my province fail to make that distinction at the present time. They claim to be anti-imperialists, but they never had any objection to Mussolini's conquests. Less than two years ago Henri Bourassa spoke of Mussolini's Italy as the great Christian nation. Our troops now in that country have since found out what poverty and corruption exist there. So that I submit, Mr. Speaker, that these people, these so-called nationalists, are doing the people of Quebec a great injustice when in their name they try to oppose the idea of mutual aid.

There is another aspect of mutual aid this year; that is, the aspect of UNRRA, to which our contribution will be $77,000,000, much of which will be spent in this country in addition to other cash purchases by our allies made with the approval of UNRRA. These purchases should not be limited to wheat but should include clothing and other articles in order that employment may be given to people in the province of Quebec.

We know that mutual aid is necessary for victory, but mutual aid also can become a pattern for the post-war period, a new relationship between nations. In this connection I should like to quote from a radio speech by the United States under-secretary of state, Edward Stettinius, who said:

> Lend-lease operations, as we know them, now, will some day draw to a close, but we know already that the principle of mutual aid in mutual self-interest that is embodied in the lend-lease act must live on. To-day there is more unity of purpose and of action among freedom-loving peoples than ever before. In that unity we can find the strength to build the peaceful world in which freedom and opportunity will be secure for all.

It should be remembered that UNRRA does not cover reconstruction of the devastated regions of the world. When this stage is reached our country will be well prepared. We are well equipped to play a leading role, since traditionally we are a great producer of the raw materials necessary for the reconstruction of devastated industrial areas and the tremendous industrial development that is impending in countries such as China. This war has enormously increased our capacity as a builder of capital goods and machine tools. These goods and these tools will be required in vast quantities by China, the Soviet Union and great sections of western Europe. The United States and Great Britain have already obtained some of that business.

In this connection I wish to deal with the idea advanced by the hon. member for Waterloo South (Mr. Homuth). Shades of R. B. Bennett! We will provide our people with employment through tariffs! We will start hollering about dumping! We did it before, in 1930. We will say that we are protecting our workers through tariffs! No; if we cannot find a better relationship, for which the pattern has been provided by mutual aid, we are heading for bankruptcy. However, I am very glad that the vast majority of the Canadian people do not think the way the hon. member has expressed himself. Countries that buy machines from us and become industrialized will become good customers of Canada. In the past our best customers have always been the more developed countries, not the backward ones. By helping to develop these countries we will help the people who will buy from us. The hon. member was afraid that the $23,000,000 spent on mutual aid to Russia might have covered some machinery which might be used to dump goods in Canada. In a country that has fought on a two thousand mile front, that has used vast numbers of tanks, planes and other equipment, our $23,000,000 worth of equipment which could not have included very much machinery, is not going to change the situation to any large extent. If we are fearful of that little, how can we have the correct approach to a better, more united world which will give employment to the people of Canada? In connection with this new pattern I mentioned and the new approach we must have, I should like to quote from the New York *Times* of May 5, which contained this report:

> A soviet trade commission is at present conducting negotiations with British business interests for large post-war deliveries similar to those for which orders totalling two and a half billion dollars already have been placed

in the United States. It is understood, furthermore, that these United States orders are only the beginning of what Russia hopes to do.

Russia's population is so great, the devastation of war has been so vast and the country's supplies are so exhausted that two and a half billion dollars will not even begin to meet her needs. . . .

As to how Russia intends to pay for these purchases, it is understood that the soviet government intends to collaborate fully in the creation of post-war machinery designed to facilitate international trade and monetary payments.

We must take part in this trade and not stand aside. It is not going to wait for us; it will take place just the same. The mutual aid of to-day, but mutual aid to a greater extent, is the path along which we must travel in order to cement relations that will give us a share of such necessary foreign trade. There can be little doubt that when we come to trading, after victory, which I hope is close, we shall be trading with countries in such a state of disorganization that it will be found practicable to deal with governments in stricken countries, rather than with firms. Mutual aid, again, shows the way.

I have dealt with this process of transition, because I sincerely believe that in mutual aid and UNRRA we have that thread which leads on to the next stage—peace-time trade. There are two sides to mutual aid. The all-important one is that of providing our share in the war against the axis. And, next, it provides one of the most important means of achieving for Canada, and to a considerable degree for other countries, that volume of international trading required for a higher standard of living in the post-war world, a world where Canadians foresee a fuller life than has ever before been theirs. The people of Quebec, with the trades that they have learned and the technique and skills that they have acquired, want to participate to-day through mutual aid, and to-morrow in time of peace in the building of such a world.

I have made these remarks, sincerely believing that we have to find a new and broader approach. The thinking of the past is obsolete. People who refuse to change will be left far behind by the locomotive of history.

Hon. L. S. ST. LAURENT (Minister of Justice): Mr. Speaker, I venture to suggest that, in spite of some of the speeches we have heard this afternoon on second reading, this bill will not consecrate any new principle. It is my suggestion that the bill is merely one more step in carrying out the policy which has been that of this country since the early days of September, 1939. If I may be permitted to say so, shortly after I became a member of the government I sat in the Speaker's gallery, and listened to the exposition of the policy of the government with respect to the war effort of this country.

If I may refer to *Hansard* of those days, I would recall to members what was then enunciated as the policy the government intended to follow. I would first of all direct the attention of hon. members to page 33 of *Hansard* for January 26, 1942, where the Prime Minister (Mr. Mackenzie King) said:

At the very outset of the war, the Canadian government considered with the British government the broad lines of development and of our war effort. We tried to envisage all the possibilities of a conflict, which we realized might last for years, and which might spread throughout the world.

The Prime Minister then went on to say:

As I have said already, the policy of the government is, and from the outset has been, the achievement of a total national effort for total war. I propose, now, to explain exactly what I understand by the total effort of a nation. It involves two fundamentals.

The first of these is the devotion to the prosecution of the war of all the available energies and resources of the nation in excess of those required to maintain the health and efficiency of the people.

And a little further down:

The foundation of the total effort of any country is a correct decision as to the minimum requirements of the civilian population. Once that is determined, production and consumption except for war, must be steadily and progressively cut down to the minimum. Waste must be eliminated; the manufacture of all luxuries and many comforts must cease. The surplus of man-power and resources thus secured must be used to make war.

. . . Indeed, the most difficult task in total war is the decision of the correct balance between different aspects of the war effort.

Then the Prime Minister went on to enumerate the activities of the armed forces of the country. If I may quote again, from page 34:

The Canadian navy has a share in this primary responsibility for our territorial defence. . . . We know, too, that the possibility of finally crushing Hitler depends upon keeping open the sea lanes from North America to Britain and Europe. From the outset, the government has placed no limit on the expansion of Canada's navy.

Then, dealing with the army:

The army shares with the navy the responsibility for our territorial defence. It shares also with the navy in the defence of Newfoundland and other islands in the Atlantic. Its main task, however, has been its contribution to the defence of Britain. Every Canadian will remember with pride what Mr. Churchill has said on more than one occasion, of the sense of security which the presence of our troops has given to the government and people of Britain.

And a little further down:

While prepared to send overseas as large an army as Canada can support, without failing in other directions, the government is even more anxious to see that every man, every unit, and the army as a whole, will have the greatest possible striking power.

Then with regard to the air force:

The Royal Canadian Air Force, like the navy and the army, has its part in our territorial defence and the defence of Newfoundland. Its responsibilities on the Pacific coast have been increased by the outbreak of war with Japan. But its main task is the administration of the British commonwealth air training plan. The battle of Britain in 1940 completely justified the emphasis which, from the opening days of the war, Britain and Canada alike placed upon the achievement of air superiority. . . .

The safety of Britain, and Britain's capacity to strike back at the enemy, depends alike upon the air strength concentrated in Britain.

Then, going on with the other aspect of the total war effort:

A vital aspect of Canada's war effort is our contribution to the food supply of Great Britain. This contribution has grown steadily in importance. Britain cannot feed herself, and her own great and growing armed forces. Still less can she feed the ever-increasing numbers of men we are sending from Canada.

Then, with respect to the implements of warfare:

It is well to remember that every battle which has been lost in this war has been lost because of the lack of machines; of planes, or tanks, or guns, or ships. The cry we continue to hear from every front is not so much for numbers of men as it is for tanks, for planes and for ships.

In making the machines of war, Canada's productive task has only begun when our own armed forces have been supplied. Except for planes, Canada has been a main source of British supplies, outside Britain herself.

Then, a little further on we find this, at page 35:

While it cannot be said too often that total war demands total effort, it cannot be too strongly emphasized that total effort means using men and resources, where each will count for most, not where their employment will fit in with individual wishes or the wishes of those who have failed to see the needs of our effort as a whole.

That was the programme put before the house, before parliament and the country, and on February 19 I had the privilege of making my first bow to you, Mr. Speaker, of taking my seat in the house, and within an hour of voting with those who supported the administration—among them, and then a member of the administration, the hon. member for Richelieu-Verchères (Mr. Cardin)—on the programme which had then been enunciated to the house.

It is my submission that the bill now before the house is merely one further step in implementing that programme of total warfare. It is unnecessary to repeat what has been so well said by other hon. members who have spoken in the debate—notably the hon. member for Winnipeg North Centre (Mr. Knowles), and the hon. member for Rosedale (Mr. Jackman).

This bill does not provide for a gift to anyone; it provides for the financing of part of the productive capacity of this country in order that that capacity may be devoted to the making of instruments and implements which will serve our cause in overcoming our enemy. Because it is our enemy. In 1939 Canada went to war; the whole of Canada went to war. The hon. member for Richelieu-Vercheres will allow me to refer to as perhaps as eloquent words as were uttered at that time about Canada's going to war. I should like to quote from page 895 of *Hansard* of June 18, 1940, on the occasion of the second reading of the National Resources Mobilization Act, where the hon. member for Richelieu-Vercheres is reported as follows:

It has been stated just now that if we are now called upon to vote on a measure of this kind it is because we have made the mistake, in the past year, of taking part in the European conflict. I cannot understand anyone expressing such an opinion and I cannot understand how, when attempting to voice the opinion of the province of Quebec, one can so give the lie to the vote given during the recent provincial elections and during the last federal election. . . .

The hon. member went on to say:

The people of my province possessed enough vision, enough intelligence to realize that by restricting their participation to the defence of the Canadian soil only, their participation should prove of no avail, that it would prove fruitless whenever Britain and France were crushed. At such a time, rhetorical, high-sounding speeches and empty words concerning the defence of Canada shall partake only of the theatrical and shall be devoid of any quality of true patriotism to be found among men whose main preoccupation is to forestall possible threatening dangers and to prepare, as intelligent men, for the defence of the country.

The hon. member then discussed whether or not the mobilization act provided only for the marshalling of the man-power of the country or of all its resources, and in dealing with objections raised in these words:

. . . with this extravagant war effort on the part of our country, we are going to bankrupt Canada, and to jeopardize our financial stability, we shall run into considerable difficulties and perhaps put ourselves in the position of being unable to provide for the reestablishment of our soldiers after the war.

The hon. member commented as follows:

I have much respect for the hon. member, but I cannot have much respect for such an argument. . . . What will be the value of our petty chattels and even of our great assets,

what will become of our accumulated wealth if Germany succeeds in crushing under her blood-stained boot the combined strength of France and England? What will become of our savings, and of the money deposited in the banks or invested in industrial plants if the military power of France and England is annihilated? Our so-called wealth will be worth as much as that of Poland, of Czechoslovakia, our so-called assets will have just the value that those of Holland, Norway and Belgium have to-day.

That is how the problem should be faced. During the last election I stated many times, in the province of Quebec something which I am not afraid to maintain before the people, before every one of my fellow-citizens: Money is of no importance when the freedom of a nation is at stake.

This afternoon the hon. member said that he found it strange that a little country like ours should be called upon to make gifts to a country much older and much richer. He described the power and influence of the British empire and asked if that great empire were not capable of taking care of its obligations. I submit that the obligation of that country to mankind and to the cause of humanity has been well taken care of since the days of Dunkirk.

But let us come down to the plane of material things. The hon. member says that possibly that country has expended its dollar credits in the purchase of the things required to make war in the cause of all freedom-loving people, but that later on it might be able to pay. Have we not all learned that the things called dollars or sterling or pounds are merely symbols, that any true payment can be made only in material things which would have to be exported from the British isles to this country if there were a debt to be repaid to us?

Do we as representatives of the Canadian people want to see the stagnation of our own productive capacity in order that we may use things made and provided by countries beyond our borders? During the years of war, in addition to the self-respect of freedom-loving men throughout the world we have acquired a much better knowledge of our own productive capacity and of the things that we can make available for our own people and even for export to others. Would it not be a major disaster if anything should occur after the cessation of hostilities to make it impossible to use the productive capacity, the experience and the skill we have developed during this war to provide those things which can be used to the advantage of our population.

I should like to refer again to the words of the hon. member, as reported on page 897 of *Hansard* of 1940. Speaking of the purchase and sale of implements of warfare, he said:

> I have no use for that kind of patriotism which would limit itself to selling produce, materials and arms, in short, to making money without accepting the responsibility of a free and independent people.
>
> Doubtless we can help the cause of liberty and democracy by supplying arms to England and her allies; doubtless we can help them by sending them as much as possible in the way of munitions and foodstuffs; but I ask those who bring forward this argument: Do you not in your heart feel a bit ashamed of thinking only in terms of money while abandoning to your neighbours the protection of your life, of your possessions and of your rights!

Knowing the hon. member as it has been my privilege to know him, knowing what a doughty fighter he has been throughout the whole of his brilliant career, I ask myself whether he would pull his punches in the midst of a critical fight. I do not think so, and I do not think in all sincerity he would ask this country to pull its punches at this time.

The hon. member dealt with some of the arguments which he said had been put forward to support other measures of this kind and said that he could not put much stock in the argument that by making this amount available to the treasury in order to pay for munitions and supplies purchased in this country we were providing markets for our farmers and work for that part of our population which labours in our factories, in our shipyards and in our other war plants. He suggested that this might be done as well by devoting their energy to the production of the things we could use at home. That may be quite true. But would that be making total war? And are we or are we not at this stage going back on the policy which was endorsed by the whole Canadian people, which was for a total war effort?

The hon. member says, where else are measures of this kind being adopted? They are being adopted, of course, in the United States. They had been adopted there even before the American people became engaged in shooting warfare. But where else could they be adopted? Where else were there opportunities for producing more than the armed forces of the country engaged required? To a certain extent that was true of Britain and it is true also of New Zealand and Australia. But is it not, as was suggested by the hon. member for Rosedale (Mr. Jackman), the privilege of this young nation that it was so placed by Providence that a very effective part of its effort in the war was performed in its forests, on its farms, in its mines and factories and plants? If it be true that this country had pledged to itself as well as to the other united nations a total war effort for the safety and security of its own population, was it not required that everything which was not neces-

sary for the maintenance of the health and productive capacity of our population be devoted to the common cause?

The hon. member says that we were not attacked, as the United States were, that there was no Pearl Harbor which brought us into the conflict. May I suggest that the actual entry of our neighbours to the south into the war was just as inevitable from its very outbreak as it appeared to the majority of the people to be after the onslaught of the Japanese on Pearl Harbor in December, 1941. It requires no effort of imagination now to understand what the President of the United States had in mind in 1936 when he proclaimed that the United States was a peace-loving nation, that they were at peace with their nieghbours but that they were capable of defending and willing to defend themselves and would defend themselves and their whole neighbourhood; when he repeated the same warning in 1938 and even more pointedly said that if any other foreign country ever attempted to dominate any part of Canadian soil the American people would not stand idly by. Was that not a warning to the whole world that the government of the United States recognized the imminence of possible warfare and was endeavouring to deter the aggressors from their bellicose designs by warning them that no part of this continent could become a prey to their cupidity without their first overthrowing the combined might of the United States and of Canada and of those who might be allied to Canada?

The hon. member says that it was argued by my predecessor in this house that when Great Britain was at war Canada could not remain neutral. It is quite apparent to every Canadian that when the United Kingdom is in the kind of war that this is, self-respecting Canadians cannot remain neutral. But technically is there any difference in the legal position of this dominion and that of the Irish Free State, where those who feel so inclined can remain neutral when the United Kingdom and the rest of the British commonwealth are at war? But I put it to this house, and fearlessly put it to this country, how many in this country prefer the attitude adopted in the Irish Free State to the attitude that has been adopted by the Canadian people?

Mr. MacNICOL: Not very many.

Mr. ST. LAURENT: The hon. member for Richelieu-Verchères goes on and says that he does not object to the producing of food and the implements of warfare, but that he would insist upon accounts being kept. Within the last few days the allied forces have been able to liberate the city of Rome, something which has a very special meaning to a great many of the citizens of this country, whether they be of my faith or of other Christian faith; the allied forces have now set foot on the western shores of the continent of Europe and we can foresee the liberation from the nazi yoke of the peoples of that continent.

In the same address the hon. member, whose eloquence I would not attempt to approach, spoke of France, in these words:

> Allow me to tell him, Mr. Speaker, that France, poor France, is agonizing at the present time.

May I suggest that France is, four years afterwards, "hoping," at the present time.

He went on:

> She has always stood, down the course of history, as a shining beacon illuminating the progress of ideas and principles throughout the world, and has spared neither sacrifice nor the life of her sons in the defence of freedom, in protecting the weak and the humble. She has ever been in the forefront of spiritual progress, of intellectual development and of liberty. Poor France, she has suffered down through the ages because of her principles and of her noble feelings of humanity. She has just put up such a valiant struggle as to prove even the humblest soldier of her powerful army a hero. One after the other, by the hundreds and by the thousands, they have fallen on the battlefields and have been crushed by the barbarian Hitler's powerful war machine. They have fallen in defence of humanity, in defence of human liberties, yours and mine, my friends.

France is now at the dawn of the day when she will rise again and continue throughout the ages the noble traditions so eloquently spoken of by the hon. member. That I suggest is not the day when accounts should be kept. Has France kept account of the sufferings she has undergone since her Gethsemane of four years ago? All those sufferings and sacrifices of freedom-loving peoples constitute a part of the assets placed in the common pool for the redemption of free mankind, and I suggest that the first lines on page 9 of the report of the Canadian mutual aid board express the true situation in this regard:

> The sacrifices of allied soldiers, sailors and airmen transcend any form of material aid. The weighing of lives against munitions cannot be made in a report. It must be made in the heart and conscience of every Canadian.

There is not that unanimous degree of unity throughout this country that all of us here in this house would wish for, but there is a considerable degree of unanimous feeling in that regard, and in my own city of Quebec it was expressed by two eloquent voices immediately after the opening of the invasion on the west coast of France. The newly-appointed Anglican Archbishop of Quebec, His Grace Archbishop Phillip Carrington, said, on June 7:

> We have a right to pray to God for a blessing upon the terrible work which we have under-

taken. Let us pray that it may be done wisely and firmly. Let us pray that it may be done quickly. Let us pray that we may remain true to those ideals for which we have banded ourselves together; let us pray that the evil may be overcome, the oppressed set free, justice and freedom established, peace and prosperity restored.

And the night before, His Eminence Cardinal Villeneuve had broadcast throughout the country and caused to be published this message:

At this moment, as allied forces, after having liberated the Eternal City, are establishing a foothold on French soil preparatory to unburdening the continent of the four-year nazi yoke, I invite all Catholics in Canada to offer their sacrifices and prayers in order that God may inspire our leaders and help our soldiers in this supreme phase of the war. . . .

Let us take confidence in the message of Saint Augustine: may our prayers be heard by He who governs all, for, in time of battle, the gates of heaven are open, and God looks upon the battle-fields, reserving victory for he whose cause is just.

We believed in 1939 that the cause of the allied nations was just. We believed it to the extent of pledging our people to a total war effort until a total victory; and the second reading of this bill is merely designed to implement our continued determination that this country shall make total war until total victory has been achieved.

Mr. JOSEPH ARMAND CHOQUETTE (Stanstead) (Translation): Mr. Speaker, in 1942, this government made to England an outright gift of one billion dollars. In 1943, they gave a further gift of one billion dollars to the United Nations and again this year they are about to give $800,000,000. If we add to that the loan of $700,000,000 made to England without interest we have a grand total of $3,500,000,000, or $67,000,000 more than the total debt of this country from confederation to August 31, 1939, when war was declared. What a far cry that is from the 1940 pledges according to which we are to confine ourselves to a moderate war effort. We have been giving billions of dollars since 1942. Well, Mr. Speaker, I say that the government have no right to give away the people's money, they have no mandate to do so, because it was through the promise of a moderate war effort that they were returned in 1940. Now, strangely enough, on May 11 last, our prime minister (Mr. Mackenzie King) said in a speech delivered before the Westminster Parliament:

Our objective has been a total effort for total war, and we believe that objective is being attained.

Mr. Speaker, I wonder what thoughts such gifts suggest to workers who have large families to support, who lack some of the necessaries of life, who are not properly housed and who reflect that a sum of $800,000,000 represents $70 for each member of their families. And our farmers are no more in a position to make such gifts; they were requesting the government's help during the depression years of 1930-1939, but they always had the same answer: "We have no money." They will be surprised to hear that since 1942 the government have given outright $2,800,000,000, which represents $240 per capita and $1,920 for a family of eight persons. We believe that such a policy is prejudicial to the interests of Canada and we unequivocally oppose it. No other nation within the British empire votes such appropriations. Our contribution in maintaining our armed forces is quite considerable and Canada has such a large debt that it cannot afford to make such gifts to countries very much wealthier than ours.

Mr. Speaker, the honourable member for Montreal-Cartier (Mr. Rose) has seen fit to lecture the French-Canadian members from the province of Quebec who are opposed to gifts of $1,000,000,000 and $800,000,000 to other nations. I for one believe that the province of Quebec has done its duty in the past to preserve Canada for Canadians on each occasion when the country was threatened. The French Canadians are just as patriotic as the other citizens of this country and they will remain so in opposing any policy that is prejudicial to Canada's interests.

Mr. J. EMMANUEL d'ANJOU (Rimouski) (Translation): Mr. Speaker, I shall contribute but a few words to the current debate on the bill under discussion. I have already condemned the tribute we are requested to vote, in my speech on the address, on February 3rd last. I shall quote some of my remarks as recorded on *Hansard* of that date:

The speech from the throne again hints at the government's intention to authorize, in the course of the present session, the payment of another tribute of a billion dollars to Great Britain. I state right now, Mr. Speaker, that I shall oppose this measure with all my strength, as I have done on two previous occasions.

Instead of paying an annual tribute to England, the government would be far better inspired in endeavouring to relieve the distress which is to be met all over the country.

Once more I state my opposition to the present bill still more forcibly, if that is possible. I oppose the measure submitted to the house at this moment as I have the last two similar bills. Indeed, Mr. Speaker, I deem it would be wiser on the part of the government to endeavour to assuage the sufferings of our own population than to give, at each session, gifts to England, a country which, at the time we paid our first tribute, was making interest bearing loans to China.

In my constituency, there are sections where destitution is prevalent. The government would evidence a greater concern for the interests of the country in attempting to alleviate the poverty of these people. When we paid our first tribute to England, I denounced it with the utmost energy; I held the same attitude in connection with the second tribute and I am still of the same mind on this third occasion. Therefore, if we are called upon to vote on this measure, I shall vote against it, as I have done in the past.

I was listening, a while ago, to the speech delivered by the hon. member for Montreal-Cartier (Mr. Rose). He criticized the members from Quebec who oppose war measures and especially the bill now submitted to the approval of the house. The representatives from Quebec who, in this house, show enough courage to fulfil their duty, to discharge their responsibility toward the electors of their constituencies, have no lesson to learn from the hon. member for Montreal-Cartier.

At a time when the country admits Jewish refugees, when families land here 70 or 80 at a time, the hon. member for Montreal-Cartier should not assail the hon. members from Quebec. The hon. member for Montreal-Cartier said: "We must win the war, and if we lose it, it will be the fault of the dissident members of the province of Quebec; if we lose the war, the rights of French Canadians might be imperilled".

I do not think Jewish rights are threatened because under the constitution of Canada, they are guaranteed none. To my mind, it ill behooves the member for Montreal-Cartier in parliament to disparage French Canadians of the province of Quebec when in his own constituency the French-Canadian population is quite numerous, and when a few of our fellow-citizens, probably misguided, voted for him in the last election.

I will add nothing further, Mr. Speaker. As I said before, I am opposing the bill now before the house; I want to be logical, and I believe my constituents will admit that, since 1940, I have maintained a logical stand and have fulfilled the pledges given to the electors of my constituency. The hon. Minister of Justice (Mr. St. Laurent) said a while ago that we had to fight an all-out war. I remember that in 1940, during the last election, the predecessor of the present Minister of Justice, the lamented Mr. Lapointe, told the province of Quebec: "Participation in the war will be free, voluntary, and moderate". In 1940, total war was not advocated in the province of Quebec. It was stated that participation would be free, voluntary and moderate. To-day, we are told that the country has approved total participation in the war. The people were trustful and they gave their allegiance to the Liberal party believing that party would keep its pledges and promises honourably; but they were odiously deceived. Mr. Speaker, I will add nothing more; once again, I condemn this measure and I will vote against it.

(Text):

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I listened with great attention to the eloquent speech made by the Minister of Justice (Mr. St. Laurent). We must not be under the impression that those who discuss this measure are not in favour of the prosecution of the war and of helping the allied nations. Not at all. The only thing, and it is a legitimate feeling, is that the Canadian taxpayer expects that as soon as the armistice is signed the burden of taxation will be less, that it will not be so heavy; and that is the very reason why Canadians have agreed to bear the heavy burden of taxation which is now imposed upon all of us. It is in the expectation that after the war that taxation will become less. One way to achieve such a result is precisely by discussing this matter with other nations on business terms.

There is no one in this house who refuses to give credit to the allied nations. The only thing that is asked for is an acknowledgment. On June 2, 1941, the hon. member for Témiscouata spoke as follows:

> My last remark is that we should not consider taxation as though the war were being lost. We are all determined to win the war, but taxation must be related to our needs. At the present time taxation is just the same as though the deluge were coming to-morrow—"after us, the deluge." Taxation should be clear, progressive and in accordance with the means of the people.

Now let us see what the Minister of Finance (Mr. Ilsley) said about the record regarding the past:

> . . . when we are proposing to open a new chapter in our financial relations—

With Great Britain and the United States.

> —the record regarding the past should be made quite clear.

That statement of the minister was made on March 18, 1942, when the house was considering for the first time the billion dollar gift, United Kingdom financing. The Minister of Finance said:

> To the United Kingdom alone our shipments increased from $331 million in 1939 to $532 million in 1940 and $702 million in 1941. To the rest of the British empire, including Egypt, our shipments rose from $104 million in 1939 to $157 million in 1940 and $300 million in 1941. . . . But notwithstanding some increase in our imports,—

The minister did not mention what our imports were then. I had to make a calculation and I sent him my mathematical work on the matter.

—the empire as a whole had an aggregate merchandised defieit with Canada of $445 million in 1940 and $723 million in 1941.

What was the financial assistance of Canada to the British empire? The Minister of Finance went on:

Nor does this empire deficit of nearly $1,200 million on trade account in the past two years tell the whole story. In addition, large sums have been required for expenditures not reflected in the trade statistics.

And I have numbered each one.

(1) The most important of these have been the British capital investments in war plants in Canada, amounting at the end of 1941 to $238 million, and (2) British expenditures in connection with air training activities in Canada. (3) In addition, of course, there have been other expenses, such as for freight and (4) storage connected with the movement of goods within Canada.

Without going into exhaustive details, I may inform the house that after making allowance for all the sterling area's receipts of Canadian dollars of a current or ordinary nature—such as (a) the proceeds of exports, (b) interest and (c) dividend receipts, (d) shipping receipts and (e) Canadian governmental expenditures in sterling incurred in connection with the maintenance of our troops in the United Kingdom—the sterling area's net deficit of Canadian dollars from the outbreak of the war until the end of February, 1942, amounted to approximately $1,770 million.

What was the financing by Canada of the sterling areas net deficit of $1,770 million? Let me quote the Minister of Finance again, but before coming to that I may say that the minister's summary of Canadian expenditures was incomplete because it did not include payments for prisoners of war, et cetera. I quote the minister:

This deficit has been financed in three ways. In increasing order of importance they are: (1) gold payments from the United Kingdom to Canada; (2) redemption or purchase, mainly in advance of maturity, of Canadian security obligations held in the United Kingdom; and (3) the accumulation of sterling finances held by the foreign exchange control board on deposit in London.

Then the minister spoke of the whole of the sterling area deficit having been financed by Ottawa out of its own resources, which is almost incredible. He said:

Gold payments by the United Kingdom have amounted to $250,000,000 over this whole period. As the house is aware, the last payment was received in December, 1940, and since that time the whole of the sterling area deficit has been financed by Ottawa out of its own resources.

Think of that.

Over the period as a whole gold payments have covered less than fifteen per cent of the sterling area deficit in Canada.

[Mr. Pouliot.]

Not only have gold payments by the United Kingdom been kept to relatively modest proportions, but every ounce of gold we obtained from the United Kingdom was promptly converted into United States funds and used to pay for United States goods needed to complete war orders for the United Kingdom.

That is what the minister said; and he went on:

Exact statistics are not available, but there can be no doubt whatever that the amounts we have paid out in United States exchange in connection with British war orders in Canada are very greatly in excess of the amount of hard currency settlement received from the United Kingdom.

It was neither the leader of any opposition group nor any private member who might be accused by the imperialist press of being an isolationist; it was the Minister of Finance who declared that gold payments by the United Kingdom had covered less than fifteen per cent of the sterling area deficit in Canada, and commented that they had been kept to relatively modest proportions. And think of this, sir. Since December, 1940, according to the word of the Minister of Finance, we have taken the whole burden on our shoulders. He said:

Until December, 1940, the United Kingdom shared with us the burden of providing the necessary hard currency. Since then we have taken the whole burden on our own shoulders. The burden has not been a light one.

Those were the words of the Minister of Finance. That date, December, 1940, is of the utmost importance. First, it was the month in which Canada received the last gold payment from the United Kingdom; second, it was when the United Kingdom ceased "to share with us the burden of providing the necessary hard currency," and, third, that was when we "took the whole burden on our shoulders." Then the minister added that the burden had not been a light one. Naturally the burden of financing the whole sterling area could not have been a light one. Here is another important quotation from the speech made by the Minister of Finance on that occasion:

. . . our United States dollar problem and our need of foreign exchange control are in part a direct consequence of our assistance to Great Britain.

Then a most unusual thing occurred; the minister went so far as to express deep concern about the result of the financial policies he had been sponsoring. He said:

I warned the house in introducing the budget last April—

That was 1940.

—that the need for United States exchange conservation had not passed . . . and lest anyone should think that the Hyde Park agree-

ment has solved our United States dollar exchange problem, I should like to say that our official reserves of gold and United States dollars fell by $142,000,000, United States dollars, in 1941. . . Moreover, although the outlook is far from clear, it must be recognized that, failing remedial action, we appear to be faced with another sizeable loss of reserves this year. . . .

Our United States dollar position is, therefore, still a major cause of concern. . . .

I stress this point because our United States dollar problem and our need of foreign exchange control are in part a direct consequence of our assistance to Great Britain.

At this point the minister made this remark:

When we are proposing to open a new chapter in our financial relations, the record regarding the past should be made quite clear.

It is very important that we understand the statements and the attitude of the Minister of Finance in the matter. The "new chapter in our financial relations" with Great Britain was not "opened", to use the minister's expression, on March 18, 1942, when he made that speech on the United Kingdom financing scheme; it dated back to fifteen months before, to December, 1940, when Great Britain made its last gold payment and when we took "on our own shoulders" the whole burden of financing the sterling area deficit. The minister did not try to escape any responsibility, but he did not make the record regarding the past clear enough. On November 7, 1940, Mr. Purvis was named by the United Kingdom to the new war purchasing mission. The Montreal *Gazette* of November 8, 1939, carried this item:

Ottawa, November 7—C.P.—Appointment of Arthur B. Purvis, prominent Montreal industrialist, as director general of British war purchases in the United States, was announced here to-night by the British purchasing mission which has been in Ottawa since early September. . . .

It has already been expressed as a matter of British policy that Canada will be looked upon as a first and primary source of supply to the full extent of the manufacturing and industrial capacity of the dominion.

It is believed purchases in the United States will be limited by the amount of foreign exchange available for that purpose, the extent to which Canada can supply British needs in raw and manufactured materials, and of course the length and proportions of the war.

Replaces Previous Board

The war supply board reached its full status last Wednesday when it took over the functions and personnel of the defence purchasing board set up last July under chairmanship of R. C. Vaughan, vice-president in charge of purchases for the Canadian National Railways.

Created under authority of the War Measures Act, the war supply board will have extraordinary powers to mobilize and regulate industry, production and other resources in Canada for a concentrated war effort.

To what extent these powers will be exercised has not yet been indicated, but a statement covering the board's plan of procedure is expected shortly. Not only Canadian purchases but those for the British government will be handled by the board as agent. Presumably the same would be true of any French orders that might be placed in Canada.

If the task of the supply board assumes proportions indicating the necessity for creation of a ministry of munitions and supply the government is empowered, by an act of the special war session of parliament in September, to set up the extra portfolio with a full-time minister.

The defence purchasing board was set up under the then Minister of Finance in July, 1939, a short time before Mr. Dunning's resignation and departure for London. It was under his successor in that capacity, the present Minister of National Defence (Mr. Ralston) and the perpetual Acting Minister of Finance, when it was replaced by the war supply board, with—

. . . extraordinary powers to mobilize and regulate industry, production and other resources in Canada for a concentrated war effort.

When Mr. Purvis was appointed the news appeared in the press more than eight months before the Prime Minister (Mr. Mackenzie King) introduced the mobilization act in June, 1940.

On November 15, 1940, the Minister of National Defence, who was then Acting Minister of Finance, left for London. On November 15, 1940, the sixth sitting day of the session, the then Minister of National Defence, and also perpetual Acting Minister of Finance, concluded as follows a lengthy speech on the address:

Let me emphasize again that our plans and preparations are and must be made in conjunction with those of our predominating partner, the United Kingdom, and of the other dominions. Since the front line is on the English channel, it is vital that we maintain the closest contact with that crucial sphere of operations. There must be not only unity of purpose but unity of planning and execution. Our strength multiplies by integration. It is teamwork which wins. For this reason I expect before long to visit the United Kingdom, accompanied by some of the headquarters staff, to consult on many matters of common interest. I want to make sure that our own programme will be developed in closest relation to the needs, and I am sure we all desire that plans and preparations will be such that we will be contributing not only all our strength, but our most effective strength, to help defeat and destroy this menace to freedom and to life itself which hangs over the world. It will be a task of years. May we have the courage, the perseverance and the unshakable resolution to see it through.

He left early in the following week.

In December, 1940, he spent a most useful evening with the late Arthur B. Purvis. This appears in *Hansard* of June 11, 1941, where the Minister of National Defence, and perpetual Acting Minister of Finance, said:

Mr. Purvis was good enough to give me, in the way he can give it quickly, concisely and

comprehensively the fullest statement possible with regard to production in the United States and with regard to the needs of Britain with regard to munitions and supplies. I do not know when I spent an evening which was more useful in connection with the work that I was doing, and it gave me an idea of how we could integrate our production with that of the United States, and our needs with the needs of Britain.

He added that he kept that information for his colleague the Minister of Munitions and Supply (Mr. Howe). Neither of them said any more to the house about Mr. Purvis' statement.

The record regarding the past, read in the house by the Minister of Finance on March 18, 1942, makes it clear beyond doubt that the late Mr. Purvis' statement to the Acting-Minister of Finance was the suggestion to finance the whole of the sterling area deficit by Ottawa, out of his own resources. And we may draw the conclusion that it was because it was so promptly accepted by the Acting-Minister of Finance that the Minister of Finance expressed so much concern about it, and went so far as to state that our United States dollar problem and our need of foreign exchange control are, in part, a direct consequence of our financial assistance to Great Britain. He specified that we have taken the whole burden on our shoulders, from December, 1940, the time when the Acting-Minister of Finance spent his most useful evening with the late Mr. Purvis.

Now, sir, this is not the day to speak outside the record. The record is there. I have quoted some of it, and I have more to quote in due course, because I have made a special study of it. There is no one more ready to do anything to assist the united nations in this terrific struggle; but it is a good thing to have an acknowledgment of what is done, because otherwise it will be forgotten. No one is refusing to let the allied nations have all they need from Canada, provided there is acknowledgment of it. I do not find it honest to establish trade balances with gifts made to other countries. Besides that, the government went to all countries both in and outside the British empire, countries which did not need any help of any kind. That help was flatly refused by Bermuda, for instance. Until last year and this year there was no income tax legislation in Bermuda, and the Bermudians were in much better financial condition than we are. They were offered a gift. I wonder how many nations have been offered gifts by this government, nations which do not need it.

There are three kinds of united nations. There are those who need help, and there are those who do not need help or assistance. They are in a class by themselves. The others need assistance, but some of them have means to pay. If they cannot pay now, they should at least give an acknowledgment. Those who have no means to pay now should also give an acknowledgment for the future. That, I believe, should be the position of all when the rehabilitation of all countries is under consideration. That would apply even to those countries which are occupied by the enemy but which have temporary governments in England at the present time.

We have done a great deal to help Great Britain, and it has been acknowledged in some quarters. I was not a stranger to it, because I missed no opportunity to publicize what has been done by Canada for other countries. Some people, however, have a very strange turn of mind. To-day I happened to see the kind of propaganda issued by the British information services, an agency of the British government with offices at 30 Rockefeller plaza, New York city. This article is headed "The British Commonwealth and Empire," and appears at page 6 in a folder describing the British empire in terms which each member will find insulting. Here is what I find in connection with dominion status.

> Thus dominion status is the most advanced stage of a process of political evolution or change—like the change from the frog's egg through the tadpole stage to the complete frog. If we had some sixty frogs, tadpoles and frogs' eggs of various ages in a pond, they would change and grow; the eggs becoming tadpoles; the tadpoles frogs; the frogs growing bigger and perhaps leaving the pond. At any moment, of course, some would already be changed into frogs; some would still be in the egg, some in the early tadpole stage; and some nearly transformed, but with a rudimentary and fast disappearing tail. Some might be very slow to hatch out of the egg, and others might stay too long in the tadpole stage—but in the end they would all change and grow up. This is a parable of the British commonwealth and empire.

What do you think of it? If we could help the British people, directly, as we have the people of Greece, it would be a very good thing. I have not the least objection to helping those who need help, especially those who are in hunger in occupied Europe. It seems to be the concerted plan of Germany to destroy whole countries. But where a nation is able to pay there should be an acknowledgment. Canada is the only country that is making such gifts, and we have not the means to do so. Taxation is heavy. We are ready to help in the prosecution of the war as far as our means will permit, but now we are doing much more. This legislation is taxing future generations to the limit without any hope of having anything in return. What we want is an

acknowledgment of what we are doing, and if it is secured Canada will be in a much better position when the nations meet at the peace conference after the war.

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, I do not think it is necessary for me to say very much in closing this debate. I made a fairly comprehensive statement upon the resolution upon which this bill is based. I have listened with attention and much interest to the speeches that have been made during the debate on the second reading and I feel that there is very little that requires answer. I did propose to devote some attention to the remarks of my former colleague, the hon. member for Richelieu-Verchères (Mr. Cardin), but my colleague, the Minister of Justice (Mr. St. Laurent), has dealt somewhat fully with the remarks of the hon. member and I think there is very little I need to add.

However, when the hon. member represents Great Britain as being an excessively rich and powerful country and this country as being a small and poor country I think he shows a tendency to exaggeration in both particulars. Great Britain has assumed an enormous task in this war and I think to a greater extent than any other belligerent she has seen her foreign investments go down and down. I should like to read to the house two or three extracts from the budget speech of the chancellor of the exchequer, Sir John Anderson, delivered on April 25 of this year in the House of Commons in Great Britain. I quote from page 654 of the British *Hansard* of that date as follows:

> Overseas disinvestment—and I apologize again for the word—(Hon. Members: "what does it mean?") It means realization of overseas investments and addition to external debt. Overseas disinvestment, which includes the still increasing sterling balances which the dominions and other overseas countries leave in this country, was slightly higher in 1943 than in 1942. In was £55,000,000 higher than the figure of £600,000,000 assumed in last year's budget.

The chancellor deals with the situation for the current year on page 683, as follows:

> How far may we expect to finance our expenditure in 1944-45 from the sources of borrowing to which I referred in my review of the past year? Any estimate of overseas disinvestment must be very precarious, and I propose to put it at practically the same figure as for the calendar year 1943, namely £650,000,000.

And on page 664:

> There is another side to the story—the drain upon our resources of the external costs of the war. We have to meet vast and growing cash expenditure in other countries for military operations and supplies. To finance our purchases in the United States before lend-lease, and to meet these external costs, we have already parted with overseas assets to the extent of £1,000,000,000, and we have incurred undischarged overseas liabilities amounting to £2,000,000,000. We are not yet at the end of this tale. We have parted with all this, not to neutrals, but nearly all of it, some 90 per cent, to our allies and associates, most of whom will emerge from this war with their overseas financial position greatly strengthened as a result, just as our is greatly weakened. I make no complaint of this, for we are in this war with all we have got, but no one must suppose that a country can wage a war on this basis for several years and emerge at the end without a price to pay. We have not yet paid that price.

The suggestion by some hon. members is that this country should not proceed upon the principle of considering war supplies and materials a contribution to the common cause. They say that we should not proceed upon the principle so eloquently expressed by the hon. member for Winnipeg North Centre (Mr. Knowles) as being the indivisibility of the common cause. They argue that we should abandon that principle, although more and more the countries have come to an adoption of that principle. They say that we should put it on the basis of sale to the country to which the goods are sent. If that country happens to be Great Britain, they say that we should exact something in payment for those goods. If there is nothing to get, they say that we should make a charge in some books that we keep or take sterling for the goods or something of that kind.

Mr. POULIOT: The same as they do with us.

Mr. ILSLEY: Great Britain does not do that with us and I am inclined to think we should not do it with her. I do not think there is much use in arguing the economics of this matter. It is just a matter of principle; it is the way the people feel. I believe I know how most of the members of this house feel about it and how most of the people of the Dominion of Canada feel about it; I think they believe in the indivisibility of the common cause. They believe that this is not a gift to Great Britain, a gift to Russia, a gift to Australia or a gift to China. It certainly is not a gift to enrich any of those countries. If it could be regarded in any sense as a gift, it is a gift to enable them to fight a war which is our war just the same as it is their war, and I prefer not to call it a gift at all. I would prefer to consider it a contribution to the common cause. If we believe that in our hearts and minds, there is not very much more to be said on the issue.

I can, I think, dispose fairly quickly of any argument that there would be any economic advantage in taking a lot of sterling from Great Britain or in establishing a huge claim

on the books against Great Britain after the war. I believe I could establish pretty well that the only way that a huge intergovernmental debt of that kind could ever be paid would be by vastly decreasing our exports or vastly increasing our imports, or both, and that both these would have to be on such a scale that it is something that we cannot envisage because it would so dislocate and destructively impair our economy that no government would undertake it. If I wanted to put it on an economic basis I could make a good case. But even though I am dealing with finance most of the time, which perhaps is not the very highest plane, I want to put this question on the plane on which the Minister of Justice put it, which is the plane on which a good many members have discussed the question this afternoon and this evening. Certainly I do not believe that this nation could remain a self-respecting nation if it took a course very much different from the course it is taking. It is not an argument to come along and say that some of the other British dominions are not doing this and that we should not follow the United States because the United States is so much wealthier than we are. Let us examine the facts.

I was greatly struck in listening to the hon. member for Richelieu-Verchères this afternoon by his tendency to talk about our smallness, our dependence, our insignificance, although he did not use that word, as a nation. He was picturing Canada as so small, dependent on Great Britain, and not able to assume large and important obligations. I do not think of Canada in that way. I admit that Canada has not a large population. It has a population of eleven or twelve million people. But this country, it must be remembered, is the oldest and largest of the British dominions. It is a country of great potential wealth and great resources. Moreover, it is a country far removed from the scene of conflict. It is a country which has an opportunity of great production, and certainly it is the duty of this country in time of war to develop that production and contribute it to the common cause.

The other countries have done what they could. The United States of America has, as I said last night, devoted $24 billion to lend-lease up to date, which is a substantial sum. It is not profitable, it is really futile, to compare the per capita expenditure for mutual aid or lend-lease as between countries, because the situation in the different countries varies so greatly that it would be difficult to make an effective comparison. To take just one phase of a country's war expenditures and compare that with what some other country is doing is not fair. But we do have that very large expenditure for lend-lease in the United States of America.

Then I find from a British white paper which has been issued, called "A Report on Mutual Aid," that the various parts of the British empire have been doing what they could. It would be unreasonable to expect Australia, situated as she is, to make the same per capita contribution as Canada. But let me read paragraph 11 of this British white paper, "A Report on Mutual Aid," presented by the chancellor of the exchequer to parliament by command of His Majesty, November, 1943:

> 11. His Majesty's government in the United Kingdom are, of course, not responsible for reciprocal aid as between the dominions and the United States. The Australian and New Zealand governments signed reciprocal aid agreements on the 3rd September, 1942, simultaneously with our own, and have given reciprocal aid at their own expense on a scale which is large in proportion to their resources. The South African government is giving reciprocal aid without any formal agreement; and the same is true of the government of India, who bear the cost of reciprocal aid given to the United States forces in India.

On the general question of the pooling of resources I find this in paragraph 4 of this same British white paper:

> 4. His Majesty's government in the United Kingdom have recognized how greatly mutual aid assists the efficient prosecution of the war and good relations between comrades-in-arms. The principle of the transfer of goods and services without charge or calculation is a necessary part of the efficient planning of the war from the point of view of strategy and the economical use of man-power and shipping. It is, therefore, the policy of His Majesty's government to apply that principle themselves wherever possible, not only to the United States, but also to other allies, and they think it proper to satisfy the public interest in the subject by now reporting to parliament in some detail on the scope of the various arrangements which are in force.

In other words, a great international system of mutual aid has been established in which this country took an early part and an honourable part, to the great credit of this country and to the great benefit of all concerned in the prosecution of this war. No party in this house has ever opposed it. There has been the odd member who has expressed opposition to what we are doing, but I have been struck in this debate by the mildness of the opposition and by the strength of the support which the mutual aid principle has received in the parliament of Canada. I think that is greatly to the credit of the parliament of Canada, just as the support which this principle has received from the Canadian people is greatly to the credit of the Canadian people.

The house divided on the motion (Mr. Ilsley) which was agreed to on the following division:

YEAS

Messrs:

Abbott	McCuaig
Adamson	McCulloch
Authier	MacDiarmid
Bertrand (Laurier)	Macdonald (Brantford City)
Black (Chateauguay-Huntingdon)	Macdonald (Halifax)
Black (Cumberland)	McDonald (Pontiac)
Blackmore	McGarry
Blair	McGibbon
Bonnier	McIlraith
Boucher	McIvor
Bradette	MacKenzie (Lambton-Kent)
Bryce	MacKenzie (Neepawa)
Casselman, Mrs. (Edmonton East)	Mackenzie (Vancouver Centre)
Casselman (Grenville-Dundas)	MacKinnon (Edmonton West)
Chevrier	MacKinnon (Kootenay East)
Claxton	McLarty
Cleaver	MacLean (Cape Breton North-Victoria)
Cloutier	McLean (Simcoe East)
Corman	McNevin (Victoria, Ont.)
Coté	MacNicol
Crerar	Marier
Denis	Marshall
Douglas (Queens)	Matthews
Dupuis	Maybank
Edwards	Michaud
Emmerson	Mitchell
Esling	Mutch
Eudes	Neill
Factor	Nixon
Fair	Noseworthy
Ferland	O'Brien
Fontaine	O'Neill
Fournier (Hull)	Picard
Fraser (Peterborough West)	Purdy
Fulford	Ralston
Furniss	Reid
Gibson	Rennie
Gillis	Rhéaume
Gladstone	Rickard
Golding	Roebuck
Graydon	Rose
Green	Ross (Calgary East)
Hanson (Skeena)	Ross (St. Paul's)
Hanson (York-Sunbury)	Ross (Souris)
Hazen	Ryan
Hill	St. Laurent
Hlynka	Sanderson
Homuth	Senn
Hurtubise	Shaw
Ilsley	Sissons
Isnor	Stirling
Jackman	Stokes
Jaques	Taylor
Jean	Thauvette
Johnston (Bow River)	Turgeon
Kirk	Turner
Knowles	Tustin
Kuhl	Weir
Laflamme	White
LaFleche	Wood—122.
Lafontaine	
McCann	

NAYS

Messrs:

Cardin	Lizotte
Choquette	Pouliot
d'Anjou	Raymond
Fournier (Maisonneuve-Rosemont)	Roy—8.

Bill read the second time, and the house went into committee thereon, Mr. Bradette in the chair.

On section 1—Short title.

Mr. POULIOT: On March 17, 1942—

Some hon. MEMBERS: Oh, oh.

The CHAIRMAN: Order.

Some hon. MEMBERS: Shame.

The CHAIRMAN: Order.

Mr. POULIOT: Do you know, sir—

Some hon. MEMBERS: Oh, oh.

Mr. POULIOT: I am not surprised to hear Aeolian harps, because the amount is $800,000,000. It is something to consider, and during the election of 1935 I visited Essex South in the campaign against the late Eccles Gott, who was a staunch supporter of the Bennett government and who interrupted me at times. That trip was a very satisfactory one and I also went into Essex county to the support of the present Secretary of State (Mr. McLarty). I am calm. I have something to say and I will say it. On March 17, 1942, speaking of the billion dollar gift, the Minister of Finance spoke as follows:

> All I am asking now—and I am putting all my cards on the table—is this: I am saying that for tremendously important reasons I want interim supply, the supplementary appropriations and the one billion dollar bill passed. If the house will do that, they can take the rest of the time, so far as I am concerned, on this matter before the house.

On March 18, 1942, the Minister of Finance introduced a measure to finance the United Kingdom. Canada's net accumulation of sterling balances in London banks from the outbreak of the war to the end of February, 1942, had amounted to $992,000,000. The Minister of Finance stated that the sterling area's, the whole empire's deficit of Canadian dollars for that period amounted to $1,770,000,000, of which $250,000,000 was "financed" by the United Kingdom and nearly $125,000,000 "was privately financed by discharge of private Canadian debts to the United Kingdom including certain sales in the Canadian market of securities vested by the British treasury." The $250 million gold payments by the United Kingdom to Canada and the $125 million sales of Canadian securities vested by

the British treasury formed a total of $375 million to be subtracted from what he described as a $1,770 million deficit. He adds that $1,400 million had been "directly financed by the dominion government—about $400,000,000 through repatriation of securities and nearly $1,000,000,000 through the accumulation of sterling balances in London".

He repeated twice, but with different figures, the same amount of sterling balances: $992 million as a Canadian asset and $1,000 million as a sterling area liability to Canada. Then he explained that Canada had previously purchased British-held Canadian securities amounting to $400 million. Therefore, at the end of February, 1942, Canada had repatriated $400 million securities "to make Canadian dollars available to the British government for its purchases and other expenditures in Canada." That amount of $400 million should also have been subtracted from the balance of sterling area's deficit, leaving a net balance of $1,000 million, or $992 million, which was credited to Canada by the London banks.

His measure was threefold. It provided, first, for the outright gift of $1,000 million for war purchases in Canada; second, for the acceptance by Canada of a $700 million United Kingdom obligation, without interest until the end of the war "in exchange for an equivalent amount of deposits in pounds sterling held in banks in the United Kingdom; third, for the purchase of unmatured dominion or Canadian National Railway securities held by the government of the United Kingdom. The Canadian government was empowered to borrow $1,000 million to purchase said securities. Was it sensible to raise by way of loan $1,000 million to repatriate those securities? Could it not have been done as a matter of course with the idle Canadian credit of a similar amount in the London banks?

With regard to the $700 million United Kingdom obligation, the Minister of Finance said:

> It has also been proposed to the British government, and they have agreed, that the funds arising from any redemption or repayment during the war of Canadian securities owned in Britain will be applied to the reduction of the loan.

The dominion government made a distinction between the securities, first held by the British government, and second, those owned in Britain. Why was not a similar policy applied to both kinds of securities? Those held by the British government were bearing a low rate of interest of three and four per cent. We repatriated a considerable amount of such investments. Those owned in Britain were C.I.L., rayon companies, Enos Fruit Salts, Red Rose Tea, Hudson Bay Company, International Nickel, Lever Brothers Soap, et cetera. They were in the hands of a few financial wizards close to the Bank of England and Barclay's bank. Naturally, the latter were much more profitable than the former. They were not repatriated.

Mr. HOMUTH: I rise to a point of order. Is the hon member quoting, or is he reading a speech?

Mr. POULIOT: I am referring to my notes and I am reading quotations from past debates, which I have a right to do.

Mr. HOMUTH: Mr. Chairman, I object. If the hon. member is reading his speech I have an objection. If he is making a quotation, all right. I do not like members rising in this house and reading their speeches.

The CHAIRMAN: On the point of order, there is no doubt that the rules do not permit of any member reading his speech, but a member could read quotations if he wishes to put them before the committee.

Mr. POULIOT: My hon. friend will be satisfied with what I am reading.

Mr. HOMUTH: I am not satisfied with what the hon. member is reading. I do not like it.

Mr. POULIOT: These are quotations from past *Hansards*.

Mr. HOMUTH: I beg your pardon.

Mr. POULIOT: I have a perfect right to read them and it is merely to be accurate that I do so; otherwise I could speak easily without notes, following the example of the hon. gentleman on many occasions.

If the repatriation policy was the right one for a certain category of securities, was it not for all of them? South Africa easily secured the approval of the British government for the transfer of ownership of the stock of Diamond Gold Mines, which was paid with the credit which that country had in the London banks. But the financiers associated with those banks feared that the Canadian government might follow the South African precedent. They had a flea in their ear. They succeeded in convincing the Canadian government to adopt the following scheme to leave their profitable commercial investments untouched. The dominion government accepted from the United Kingdom a $700 million obligation without interest and payable after the war, to be financed with the sterling credit account of Canada in London, which was to be more than covered with a further credit of $1,000 million.

The year before Canada had supplied Great Britain with all the foodstuffs and munitions that we could produce.

> The Canadian government long ago advised the British prime minister that the United Kingdom could continue to buy in Canada all essential supplies that could be procured and transported without any fear of the shortage of dollars. . . . I believe that all Canadians approved the assurance thus given to the government of the United Kingdom. . . . The continuance of these purchases and expenditures, however, involves a continuance of the huge deficit of the sterling area in its balance of payments with Canada which must be financed (very largely at least, perhaps wholly) by Canada itself.

Those were the words of the Minister of Finance. That high finance deal did not benefit the soldiers, nor the British people nor the British government, which had previously received the same assistance in the matter of food and munitions that they received afterwards, but it gave to a small number of London capitalists the privilege of escaping Canadian taxation on their choice commercial investments. Here is another quotation from the Minister of Finance:

> We have realized for some time that the accumulation of sterling balances . . . was appropriate only as an interim or transitory form of assistance. It involved the growing up of what was nominally a demand liability by Britain to Canada, the future of which was bound to involve uncertainties, particularly as the amount grew far beyond anything which could be repaid by Britain in Canadian dollars, except perhaps over a very long period of time.

Then he went on:

> The indefinite growth of this obligation, if permitted to continue for years, would have led to the existence after the war of what would be in effect a huge and unmanageable war debt owed by Britain to Canada.

If Britain could not manage a war debt owed to Canada, how could the dominion government manage a huge war debt owed by the Canadian taxpayers? The measure was praised by several parties in the house, and was opposed by some. I was persistent in asking for detailed information, and on May 10 of last year I said:

> If we want information it is not only with regard to what has been done in the past; it is for the purpose of having a guarantee for the future. It is the only check we have, now that responsibility is taken out of our hands.

The following day the minister tabled a summary of Canadian dollar requirements of Britain and the rest of the sterling area and how they were financed, as follows:

(In millions of dollars)

	Calendar year 1942	Fiscal year 1942-43
A. Canadian dollars required by Britain and the rest of the sterling area for payments to Canada.		
1. For purchases of munitions in Canada	873	896
2. For other exports by Canada	695	706
Among other things these exports included candy, fox, mink and seal skins.		
3. For war activities in Canada, including air training, etc	127	132
4. For freight payments to Canada	113	113
5. For fixed capital expenditures in Canada for the production of munitions	58	31
6. For other capital payments to Canada	5	5
7. For interest and dividend payments	12	10
8. For other services and miscellaneous	16	15
Total	1,899	1,908

Then the minister gave a list of commodity exports, with the following totals:

1. Agricultural and vegetable food products	$101,775,618
2. Tobacco and its products	3,203,198
3. Animal and fish products	158,646,446
	$263,625,262

That was not even one-half the total of exports by Canada, other than munitions. The minister also tabled a summary of the sterling area purchases and other payments in Canada during the period of use of the billion dollar contribution. It amounted to $1,659 million, leaving a difference of $240 million and $249 million respectively, with the totals of $1,899 million and $1,908 million of the summary of Canadian dollar requirements of Britain and the rest of the sterling area, and how they were financed. Apparently much more was financed than was purchased or accounted for. He also gave a statement of how those Canadian dollars were obtained by Britain and the rest of the sterling area, which included two "balancing items" of $17 million and $41 million, respectively, and explained that these were "apparent errors and omissions due in part to the use of preliminary figures." I was far from being appeased and said:

Once more I challenge the leader of the opposition, the ex-leader of the opposition and everybody to your left—

Mr. Casselman: Challenge your own side.

Mr. Pouliot: —I will ask them why they have not complained of the fact that the Bank of Canada cannot reach a balance in the account—

Some hon. members: Order.

Mr. Pouliot: We are discussing lend-lease legislation. How is it that at page 5 of the statement tabled yesterday by the minister there is $17 million for which it is impossible to render account by reason of the mix-up that exists at the Bank of Canada for the calendar year 1942, and $41 million for the year 1942-43? This is relevant to the bill. How is it that the ex-leader of the opposition with his magnifying glass did not say anything about it, although he rises so easily and is always so full of indignation? Why does he not support me—

Some hon. members: Order.

Then the minister said:

On the point of order, Mr. Chairman, we must either have the rule established or disregard it, that the discussion must be relevant to the item before the committee. The item under discussion is section 2 of the bill, which is an interpretative section defining certain terms. It is quite within the right of any hon. member to object to those definitions or ask questions about them, advocate other definitions or point out undesirable results that would follow from defining those terms in that way. But I submit it is not in order to deal with documents that were placed before the house, not under this item at all but as a matter of accounting for the disposition of last year's billion-dollar gift.

There was some argument, and finally I said that I hoped the discussion would be resumed later. Why should anyone worry? The Minister of Munitions and Supply (Mr. Howe) had informed the house the day before that—

. . . we maintain a large staff of chartered accountants in England to determine exactly what the costs are.

There was also the united nations mutual aid bill, which was introduced on May 6, 1943. The hon. member for Richelieu-Verchères, spoke on that occasion, and spoke well. The hon. member for Gaspé also made a good speech. Some members voted for, and others voted against. The hon. member for Laval-Two Mountains moved the six months' hoist. The hon. member for Bellechasse and the financial critic of the New Democracy group made very able speeches on that occasion. The speech of the hon. member for Bellechasse was well reasoned, and he stated in it that Canada had a right to expect something in return for mutual aid.

Now, sir, we have the same thing. We have protested about financing which we believe is wrong. We protest, too, against the wrong interpretation given to our remarks. At the present time we are fighting the cause of the taxpayer. We do it in all earnestness, and believe the time has come when we must protect ourselves by asking for some security, or at least for some acknowledgment, from countries receiving assistance from Canada. That was the view even of some members who voted for the bill.

Opinions are free. I will stand by the will of the majority; I will respect it. But to say that anyone is a bad Canadian because he does not swallow every piece of legislation brought forward by the financial wizards of the Department of Finance, is going too far. It is not fair for any member to cast aspersions upon or to impute motives to other members who protest against unsound financing.

It is presented in a strange way. I remember that at the time of the election of the Minister of Justice in Quebec East the people were put under the impression that it was a gift, something like that received at Christmas time. They were told that gifts were sent overseas, and that we were not sending money. Reasoning like that is childish. The money comes from the pockets of the Canadian people, and it is a mortgage on the future generation. That is the money with which all those goods are purchased and delivered. In order to be fair to the future generation, in order to alleviate their burdens and to give them an opportunity to start business as most of our fellow Canadians have done before the war, we should have acknowledgments for what Canada has done for other countries.

Apparently it is most unpatriotic to ask for them. Who knows who will be at the head of government in Great Britain after the war? Who knows if shadow governments will still be in office when the war is over and when Europe is liberated? We have seen what has happened in connection with Yugoslavia. That country had a government in Cairo, and then another one was established in Yugoslavia. The government in Cairo, which had the support of the British government for a time, was afterwards denied that support. No one knows with whom we shall be dealing after the war is over, when we have treaties and agreements to sign with other nations in the world. Therefore it is difficult to leave it at that, and to trust those who have assumed the task of forming governments to remember what Canada has done for those countries. I shall not insist any longer. I have said what I wanted to say. I find the principle of the legislation unsound, although the purpose may be good.

Mr. FRASER (Peterborough West): In the report of the Canadian mutual aid board of May 20, 1943, to March 31, 1944, I find this:

The following tabulation shows the quantities of the chief types of supplies provided to Britain on mutual aid up to March 31, 1944.

In that list I find 411,373,555 pounds of bacon and meat. If that is a gift to Great Britain, then what do we understand from the statement by the Minister of Agriculture to the effect that we have a contract with Great Britain to supply bacon and meat, and especially bacon. Was that contract in connection with this, or something else? The same applies to butter and cheese. We find in this list 7,048,506 pounds of butter and 73,502,482 pounds of cheese. Would the minister say if that is included in the contract mentioned by the Minister of Agriculture?

Mr. ILSLEY: Some of the bacon is sold, and some of it is delivered under the provisions of the Mutual Aid bill. The settlement with the suppliers is at the same price in both cases.

Section agreed to.

On section 2—War supplies.

Mr. FRASER (Peterborough West): Is this in addition to the other contract?

Mr. ILSLEY: No.

Mr. FRASER (Peterborough West): This is part of the contract?

Mr. ILSLEY: Yes.

Mr. FRASER (Peterborough West): Well, then, this should not be a contract at all, should it?

Mr. ILSLEY: The contract covers the amount to be delivered. I am not familiar with its terms, but those contracts say that it shall be not less than a certain amount, or at least a certain amount, or something of that kind. At any rate, a contract is made. Then the question comes up as to how it will be financed. In practice, part of the bacon sent to Great Britain is sold and paid for under that contract, and part of it is paid for by the mutual aid board. It is delivered under the provisions setting up the mutual aid board. However, the amount the suppliers get is the same. They are paid at the contract price.

Mr. CARDIN: Has there been any repatriation of Canadian securities since last year?

Mr. ILSLEY: There has been no repatriation of securities since last year. There have been some odds and ends of previous repatriations which required cleaning up, but those were very small amounts.

Mr. CARDIN: What is the amount of securities at present held in England?

Mr. ILSLEY: It was estimated that at the end of 1942 and excluding the securities later repatriated by the Canadian government, residents of the United Kingdom held Canadian stocks and bonds to the value of approximately $1,070,000,000. This was composed, as I said last year, of about $590,000,000 in Canadian dollar securities and $480,000,000 in sterling securities. Since that time, slightly over $70,000,000 worth of these securities have been redeemed or sold outside the United Kingdom. Over the same period it was also estimated, from an examination of security prices, that the increase in the market value of the remaining securities would add about an equal amount to the value as estimated at the end of 1942. Consequently, it is still true that residents of the United Kingdom hold Canadian bonds and stocks to the value of approximately $1,070,000,000.

Mr. CARDIN: Can the minister tell me if the information given to me is correct, that the United States under lend-lease have repatriated practically all United States securities held in England?

Mr. ILSLEY: They repatriated nearly all, but not all. I do not know the amount left unrepatriated, but they did that before they became belligerents. If I am correctly informed, they have repatriated none since they entered the war.

Section agreed to.

Sections 3 to 6 inclusive agreed to.

Bill reported.

Mr. ILSLEY moved the third reading of the bill.

Mr. RAYMOND: On division.

Motion agreed to on division and bill read the third time and passed.

QUEBEC SAVINGS BANKS ACT

DECENNIAL REVISION

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of bill No. 131, to amend the Quebec Savings Banks Act.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

SURPLUS CROWN ASSETS

PROVISION FOR CORPORATION AND ADVISORY COMMITTEE

The house resumed from Monday, June 12, consideration in committee of bill No. 137, respecting surplus crown assets—Mr. Howe—Mr. Bradette in the chair.

Section 10 agreed to.

On section 11—President, vice president.

Mr. STIRLING: Should not the quorum be mentioned?

Mr. CHEVRIER: I think it follows that the decision of the majority of the members of the board attending the meeting would constitute a quorum. If one looks at subsection 2 of section 10 he will find that the corporation is to consist of a board of not less than six directors appointed by the minister with the approval of the governor in council. I am informed by those who have drafted this bill that a quorum will consist of a majority of those who are present.

Mr. STIRLING: Just what does that mean? Supposing four of the six are present, would that be a quorum?

Mr. CHEVRIER: As the section reads it is:

A decision of the majority of the directors present and constituting a quorum shall be a decision of the corporation, and in the event of a tie, the president or other director acting as chairman shall have the casting vote.

I am informed that a quorum will consist of a majority.

Mr. STIRLING: Surely that will not do. Supposing only three of the six were present, would that be a quorum?

Mr. CHEVRIER: With the chairman breaking the tie, yes.

Mr. STIRLING. The chairman is one of the six.

Mr. CHEVRIER: He may vote in case of a tie.

Mr. MacNICOL: There would still be a tie.

Mr. CHEVRIER: I am informed that over and above the mention of a quorum in subsection 6 of section 11, there is in the bill another section which provides for the setting up of by-laws by the corporation and those by-laws will provide the number which will constitute a quorum.

Mr. STIRLING: Would it not be reasonable to refer to the quorum in the bill itself?

Mr. CHEVRIER: If the hon. member will look at section 13, he will see there that the corporation may provide for the calling of meetings of the board or the executive committee and the number of persons who shall constitute a quorum in each case.

Mr. STIRLING: I think that answers it.

Mr. KNOWLES: When we broke off the discussion on this bill last night I was calling attention to what I thought was an omission from either section 10 or section 11. I was referring to the fact that in another bill before the house there is a clause providing for independence of the members of the board from the particular industry concerned. I was referring in that case to the bill to amend the Aeronautics Act, and I suggested that in the bill now before us there should be a similar provision so that the members of this board would be independent financially of the industries interested in the work which this board and corporation will carry on.

In the reply which the minister made—it was only a partial answer because the discussion was interrupted to take up another item of business—he referred to the desirability of securing the services of men who have had experience in a particular line. I believe it is well known, Mr. Chairman, that we have never objected to that principle, namely, the securing of the services of men who know the business involved. Throughout the course of the war we have objected to the dollar-a-year-man principle, but we have not objected to calling upon men to do the jobs of which they are capable. We have objected to what we regard as an expensive policy, namely, the employing of men for a dollar a year, with the result that they have to maintain their private business connections. We contend that for the full protection of the interests of the people as a whole, men directing such important works as have had to be directed during the course of the war and the men who will now direct this important task should be independent of the interests of private enterprise and private business. As hon. members know, we have objected for several years now to the dollar-a-year-man policy with respect to the controls and measures by which sections of the war economy have been run. We now object to the carrying over of that principle into the post-war period in so far as the set-up of this board is concerned.

I repeat that in my view there should be in this bill, in either section 10 or section 11, a provision for the independence of the board comparable with the position of the board to which I referred last night under the bill to amend the Aeronautics Act.

Mr. HOMUTH: Once more the acting leader of the Cooperative Commonwealth Federation is raising the question of the honesty of the

men who are asked to enter the public service. Never does the acting leader of the C.C.F. or any member of his party rise in this house to criticize a measure without questioning the honesty of people administering it and sneering at people who at least have some idea of the business with which they are dealing. The acting leader of the C.C.F.—

Mr. KNOWLES: Not acting leader; just whip.

Mr. HOMUTH: —has just said that they objected to the dollar a year men because they did not think they could serve honestly; at least that was his implication. Yet if those same men were taken into the government service and paid substantial salaries the acting leader of the C.C.F. and his party would feel that those same men would be honest in the administration of their duties. Does the hon. member, for instance, suggest that some school teacher or college professor or a minister of the gospel, if you will, should be asked to handle the disposal of machinery? Does he suggest that that type of gentleman should be asked to dispose of war plants?

Mr. GRAYDON: Sometimes they tamper with political machinery.

Mr. HOMUTH: They always throw a monkey-wrench into it and get ground up.

Mr. KNOWLES: Wait till Thursday.

Mr. HOMUTH: I am not worrying about Thursday. Wait till the general election comes and we will show you where you stand. I am not being facetious. I am serious about this, because we have hundreds of millions of dollars worth of war assets to dispose of, and I would hate to think that schoolteachers, ministers of the gospel and gentlemen with socialist ideas imported from Russia and other countries with socialist governments are to handle the business of disposing of these war assets. I should not like to see this business placed in the hands of that type of men when the war is over. I know it will not happen because the people of this country are coming to their senses. I was just giving an inkling of that danger.

Mr. KNOWLES: Have you ever heard of democracy?

Mr. HOMUTH: Yes, I have heard of democracy, and it is so foreign to the C.C.F. that they do not know the meaning of it. Democracy is a system where people have the right to work out their own destinies, while the C.C.F. stands for regimentation, socialization and all the rest of it. I could recite their whole platform if there were time.

What I rose to ask the parliamentary assistant was this—having disposed of the argument of the acting leader of the C.C.F.—what effect will the passing of this bill have on the activities of the salvage disposal board?

Mr. KNOWLES: Oh.

Mr. HOMUTH: My hon. friend says "oh", because I happen to be in business and do some business with that board. I have always found them to work on a strictly competitive basis, and if anybody puts in a bid one-quarter of one percent higher than mine that person gets the business. I do not think there ever was a more honest salvage disposal board in the history of this country than the one we have at this time, and I give them credit for that. Will the salvage disposal board come under the jurisdiction of the War Assets Corporation? To some extent it is a different line of business. There is a line of demarcation between their work and the work of the War Assets Corporation. The War Assets Corporation deals with factories, machinery and equipment that have been paid for or financed by the government. The salvage disposal board deals with things that are no longer of use to the services, such as metal of all descriptions, vehicles of all descriptions, things that might be classed as second-hand or scrap material. Let me repeat that these people have been doing a great job in the air force, the army and the navy, and they have been getting perhaps the highest prices possible. I know they are getting higher prices than would ordinarily be paid for salvage materials, because they are very competent men. I think of Major Stooks, for instance, who is head of the army salvage disposal. He is a man who has had a great deal of experience with the Red Cross, not only purchasing for them but selling a lot of things for them. Would the salvage disposal board pass out of the picture, or would they be incorporated in this organization?

Mr. CHEVRIER: It is not the intention to have the salvage and disposal board disappear. It will continue to operate as it does, and the War Assets Corporation will use it as an agent to make sales. It has done that already, and with great success. It will continue to do so; and one section of the bill which has already been passed makes provision for the using of that board as agent.

Mr. HOMUTH: What I was getting at was, will they continue to act independently, or will they be part and parcel of the War Assets Corporation? Will the corporation take over their activities? For instance, with regard to the disposal of motor vehicles, I

can understand the War Assets Corporation saying to them, "As a disposal board you can handle this business." Or would they take them in and say, "This is all one organization"?

Mr. CHEVRIER: At the moment it is the intention not to take them over, but to use them as agents. When the problem becomes much more serious and the surplus is much larger than it now is, it may be necessary to take the board and make it an adjunct of the War Assets Corporation. But at the moment that is not the intention.

Mr. GRAYDON: Will the present personnel of the War Assets Corporation be continued as at present existing under the order in council?

Mr. CHEVRIER: I do not think there is any doubt that it will. However, the statute which will set up the War Assets Corporation will set up an entirely different creature from that which has been set up by order in council. I think the minister indicated in the discussion last evening that it was the intention to carry out the same policy with reference to this corporation set up by statute as with relation to that under the order in council. In other words, what he intended to convey to the committee was that the minister, with the advice of the governor in council, will set the policy. I think I am safe in saying that the same procedure will follow under the statute as under the order in council.

Mr. GRAYDON: The reason why I raised the question is that I wished to follow it up by asking whether, in the directorship of the War Assets Corporation, labour and agriculture will be represented.

Mr. CHEVRIER: Labour is already represented in the corporation, and I am sure that it will be under the statute.

Mr. GRAYDON: Is my hon. friend certain that labour is represented in the corporation? I know it is represented in the allocation committee, but is it represented in the War Assets Corporation directorate?

Mr. CHEVRIER: I understand that Mr. J. B. Ward, who is a director of the corporation, represents labour.

Mr. GRAYDON: In what way is he qualified to represent labour? I am only seeking for information.

Mr. MACKENZIE (Vancouver Centre): He is a very well known railway man.

Mr. GRAYDON: The railway brotherhood? That is a good brotherhood.

The CHAIRMAN: Shall the clause carry?

Mr. GILLIS: No. This matter we are now discussing is in my opinion one of the most important matters with which the committee can deal. The personnel of both the war assets allocation committee and the War Assets Corporation are very important as regards the equipment which may be used in the post-war period. The matter is so important that we should have a general understanding. The hon. member for Waterloo South seems very touchy on this point.

Mr. HOMUTH: I am not touchy, but I am honest about it; and I have some faith in my fellow-man.

Mr. GILLIS: He tries to create the impression that, while he has great faith in his fellow-man, nobody else has.

Mr. HOMUTH: Certainly you people have not, if he makes more than a dollar or two a day.

Mr. GILLIS: He tried to create the impression that the hon. member for Winnipeg North Centre had questioned the honesty of the people who are now being suggested for this work. The fact of the matter is that we do not know who will constitute the personnel of either the war assets allocation committee or the War Assets Corporation.

Mr. HOMUTH: "O ye of little faith."

Mr. GILLIS : We do not know who they will be.

Mr. FRASER (Peterborough West): He was talking about the dollar a year men.

Mr. GILLIS: As I understand the question we are now discussing, it is that of setting up machinery with authority to dispose of approximately $800 million which the Canadian people have invested in war plant and equipment.

Mr. MacNICOL: Three or four billion dollars.

Mr. GILLIS: I am talking about the actual war plants and equipment now functioning in this country. Those are the figures the government gives us.

Mr. GRAYDON: I think your figures are low.

Mr. GILLIS: I am talking about the actual assets, fixed in this country, which may be used in the aftermath of the war. This actual plant and equipment we are discussing in relation to the machinery we are setting up is the only thing, as I see it, on which we can pin our faith for the creation of employment

after the war for the returning service personnel and the million or so workers now employed in war industry. I am concerned, as is the hon. member for Winnipeg North Centre, that we shall select men for both the allocation committee and the War Assets Corporation who will be free from influence or pressure from any group, so that they may make an examination of the assets which are being handed to them, and their approach to the problem shall not be that of scrapping the machinery because it may interfere with private enterprise, but rather that of how it may best be utilized in the national economy in the aftermath of the war to create employment for those who are now fighting the war. That is what we are concerned about.

As far as dollar a year men are concerned, certainly we object to that principle. I believe that any man whom this government selects to do a job which is a full-time job during the process of fighting this war cannot devote his time and his interest to some organization in Montreal, Vancouver or elsewhere and at the same time sit here and direct an important department of government. It is from the viewpoint of efficiency that we have quarreled with the arrangement in the past and we are quarreling with it now. We are not unmindful of the fact, for instance, that you brought in Mr. McTague, one of our chief judges; you handed him the job of regulating labour relations, setting up a labour jurisprudence, doing something which was bound to be important in the future labour relations of this country; and we thought his work would be continued into the post-war period. He walked out—

Mr. MacNICOL: But he did a good job.

Mr. GILLIS: —and he is heading up the Tory party.

Mr. MacNICOL: And he will do a good job there.

Mr. GILLIS: He could not have been very much interested in the future when he could slide back into the party of the feudal lords and go to a museum for the solutions of the future.

Mr. GRAYDON: Do not become a "little Canadian".

Mr. GILLIS: I am telling the truth. If the hon. member cannot take it he can go behind the curtains.

Mr. GRAYDON: See if I do.

The CHAIRMAN: Order. I would ask that the discussion if possible be relevant to the item.

Mr. GRAYDON: We are entitled to a little humour, Mr. Chairman.

Mr. MACKENZIE (Vancouver Centre): We are not getting it.

Mr. GILLIS: I am discussing dollar a year men in relation to the principle of setting up this war assets allocation committee and the War Assets Corporation.

Mr. GRAYDON: Well, leave Charlie McTague out of it.

Mr. GILLIS: You brought in Sir Henry Borden.

Mr. GRAYDON: Are you standing for titles now?

An hon. MEMBER: "Coming events—"

Mr. GILLIS: Henry Borden of Barclay's bank, and you made him chief coordinator of controls.

Mr. MacNICOL: He did a good job too.

Mr. GILLIS: You handed over the fuel emergency programme to him and he made a good job of that, so that you are exactly where you started, worse off if anything. Now you have to appoint a royal commission to clean up the job he made a mess of, and when he is finished with that he goes back and slides into the seats of the past. This is the history of that calibre of people. They are not interested in developing this country; they are more interested in something for themselves, individually and personally.

Mr. GRAYDON: Well, now, Mr. Chairman, surely there is a limit to this type of thing. I rise to a point of order.

Mr. GILLIS: Who has the floor?

Mr. GRAYDON: On a point of order. Normally my hon. friend calmly analyses any situation he discusses, but to-night for some reason or another he has accused the member for Waterloo South of being touchy and then he proceeds to exhibit the same traits himself. May I ask him to continue to show the same consideration that has always characterized his conduct heretofore.

Mr. GILLIS: Is that a point of order?

Mr. GRAYDON: I would ask him to see to it that, so far as honourable citizens of this country are concerned, he does not take a pail of black paint and start to do a job on them at this time.

Mr. GILLIS: Who has the floor?

The CHAIRMAN: I must ask hon. members to stick to the clause which is under consideration.

Mr. GRAYDON: Put your black-paint brush under the seat.

The CHAIRMAN: Order.

Mr. GILLIS: I sat in this house this evening and listened to the discussion and I had no intention of taking part in it. I thought the hon. member for Winnipeg North Centre made a very conservative understatement of this matter, but when the member for Waterloo-South rose and started this business of throwing things around—well, we can throw them back, and I have no intention of taking a lecture from the leader of the opposition.

Mr. GRAYDON: I did not expect you would.

Mr. GILLIS: I am quite capable of looking after myself. The thing we are concerned about in the setting up of this committee to dispose of assets created by the war is that the taxpayers of the country by and large should be represented. And when I say taxpayers, I mean your farmers and working people throughout the country who are paying the taxes that have created these assets—

Mr. GRAYDON: Now you are talking.

Mr. GILLIS: —and who will be depending, in the aftermath of the war, on the utilization of the assets they are creating. If we are to look after those who are returning from the war, and approximately a million and a half war workers who will be out of industry, we must make sure this is done. We have a fairly clear picture to-day of where those who pin their faith exclusively on private enterprise in the future stand in this matter. The chamber of commerce, in the presentation to the reconstruction committee, definitely state that this machinery must be taken out of circulation and under no circumstances be utilized in competition with private enterprise. The assets that are now being handed over to this corporation are, I am afraid, already tied up with agreements and understandings that will not conduce to the best interests of the Canadian people. For example, it is some months ago that I received a letter from a soldier of this war routed into a war industry, and under the fuel emergency order he was sent back to a coal mine, to a town where there was no housing. In that town there are barracks that are not being used.

The CHAIRMAN: Order. In my opinion the present discussion is not relevant. If the hon. member will read the clause that is under consideration I think he will agree with that.

[The Chairman.]

Mr. GILLIS: I am sticking to the setting up of the committee.

The CHAIRMAN: We are on clause 11 and I must rule that the present discussion is not relevant to that clause.

Mr. GILLIS: If it is not relevant to clause 11, then you cannot discuss anything. I am pointing out the necessity of placing on this committee men who are independent, who represent the community at large, and not any particular interest; and if they are to be free and independent, then, as suggested by the hon. member for Winnipeg North Centre, the clause should contain some provision such as is contained in the bill on the aeronautics board that is being set up. This particular clause is wide open and I think that before the committee adopts this clause it should have more information from the parliamentary assistant to the Minister of Munitions and Supply as to the entire personnel of both the allocations committee and the War Assets Corporation. We should see to it that they are free and independent, because the asset that they will handle when the war is over is an asset that belongs to the Canadian people as a whole, and the government in power to-day is the custodian of that property. Not only is it the obligation of the government to the people to see that the committee are free and independent and that their duties and responsibilities are clearly defined in the bill, but the government should also place in the hands of that committee some definite instructions with regard to the utilization of the assets they are to handle in the future economy of the country.

I consider this whole matter a very important part of our whole post-war programme, and before I am prepared, as one member of the committee, to allow the bill to go through I want more definite and specific information on the asset as it now stands and as to what agreements or understandings the government has with the people who own the land where the plant and equipment are now located. I was going to cite the experience of that barracks because definitely that committee will not have any say in the disposing of that particular property, since it has already been disposed of by agreement with the company that own the land. There is a first option, and when it is taken over, the soldier coming back from the war is not permitted any of the lumber or of the building to provide a roof for himself and his family.

Progress reported.

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

Wednesday, June 14, 1944

The house met at three o'clock.

VETERANS' AFFAIRS

ESTABLISHMENT OF DEPARTMENT TO DEAL WITH THE CARE, TREATMENT, TRAINING OR REESTABLISHMENT OF MEMBERS OF THE ARMED FORCES

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved the second reading of bill No. 83, to establish a department of veterans' affairs.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: Carried.

Mr. GORDON GRAYDON (Leader of the Opposition): Well, Mr. Speaker, my understanding of the arrangement was that on the motion for second reading the Prime Minister would make some introductory remarks, and then that the Minister of Pensions and National Health (Mr. Mackenzie) would make a statement. I rise only to draw attention to that understanding.

Mr. MACKENZIE KING: I think my hon. friend is misinformed in respect of any understanding. When the resolution was before the house the minister made a lengthy statement respecting the measure. I too made a statement at the time. That was on April 17. At that time it was made clear that the bill was introduced for the purpose of establishing a new department of government, and I think all agreed on the principle. In committee the Minister of Pensions and National Health, who had most to do with the preparation of the bill, and who indeed some time ago suggested the creation of the department, took charge of it, and made a full statement.

Mr. GRAYDON: I have no desire to urge my understanding in the matter. I do know however that some members are prepared to speak on the motion for second reading, and I understood that because of that the minister wished to make a statement before those speeches were made. That is the reason I raised the point.

Mr. MACKENZIE KING: Does the hon. member not want the motion for second reading to pass at once?

Mr. GRAYDON: That is it.

Mr. MACKENZIE KING: If any members wish to speak on the second reading, they should feel free to do so. Probably the house will excuse me, as I find it necessary to attend a meeting of the war committee. I came in only to be present at the opening, and to move second reading.

Mr. GRAYDON: The arrangement we made was that the Prime Minister would not have to be here.

Mr. SPEAKER: Then the motion is for second reading.

Mr. JAMES SINCLAIR (Vancouver North): Mr. Speaker, my first speech upon returning to this house from overseas was in respect to veterans' affairs, so that perhaps it is only fitting that my last speech before returning to service should also be on the same subject. I am grateful to the air force for not only giving me very generous leave, but extending it so that I can discuss this bill.

I am most heartily in favour of the consolidation into one department of all branches of government activity relating to soldiers' affairs. Nothing is more disheartening to persons seeking information or help from the government than to be passed from department to department to department. That is what now happens in connection with veterans' affairs, which are now handled by five departments. When the new department is established every ex-service man in Canada will know exactly where to apply for help or for assistance. Such consolidation will also make possible something which every veteran believes highly desirable, namely, that all the officials of the department shall be returned soldiers who know the affairs and circumstances of returned soldiers.

One thing that concerns me somewhat in respect of the new department is its name. It is to be known as the Department of Veterans' Affairs. Since the last war the word "veteran" has been used a great deal in Canada, and as the years have passed there has attached to it an association of age and disability. Yet the greatest part of the work of this new department will be for men who are neither aged nor disabled. On the contrary they will be the youngest and most vigorous of our manhood. The dictionary confirms this definition of the word "veteran". I do not know whether a more applicable single word exists. "Ex-service men" is too much of a mouthful, and "soldiers" is not applicable as they are no longer soldiers when the new department takes over their affairs. While accepting the name "Veterans' Affairs", I sincerely hope there will be nothing aged or disabled about the approach by the new department to its work. In this connection I feel it most important that the department

recruit a considerable percentage of its officials from among the young veterans of this war. I am not referring to the brass hats; rather I have in mind the junior officers and men in the ranks, men with a fresh and sympathetic approach to the problems of the new veterans.

Most of the officials of the present department of Pensions and National Health have been handling veterans' affairs for the last twenty-five years, and are pretty well set and hardened in their ways. Some time ago the Minister of National Defence for Air (Mr. Power) announced retirements from his service of senior air officers, so as to keep his air force "young, virile and dynamic." I think that this principle would be most desirable in the new department of veterans' affairs.

I intend now to comment briefly on some phases of the activities of the new department. I did not enter into the debate when the pensions estimates were before the house, because I felt I could add nothing to what was being done so well by senior members in all parts of the house. Most of those members who did speak were old returned soldiers themselves, and have been fighting the cause of the old soldier in parliament and through veterans' associations for the last twenty-five years. Most of them know the Pension Act line by line.

I have found, and I am sure most hon. members have found that the most distressing part of our duty is that of dealing with pension cases. Members of parliament get those cases only as a last resort, when all other processes have failed. It is perhaps only natural that we should have few successes in these cases. I find it particularly heart-breaking to have to write to men who, I know, are aged, disabled or crippled, men who, in the prime of their lives, offered everything to their country, life itself, and tell them that they have been denied that pittance which would mean security to them in their time of need. It is not as though any great saving were effected by this policy, because these men generally have to be supported by public funds, from some source or another. How much better, for the self-respect of these men and of their dependents, and, what is more, how much better for our self-respect as Canadians, that they receive this help as a right, in gratitude for their services and not as public relief or private charity because we are too Christian to see them starve.

I do not wish this to be taken as too broad a criticism of the Department of Pensions and National Health. I know our legislation is as good as any in effect anywhere. I know that for every one of these pitiful borderline cases the department handles hundreds of cases successfully, and about which we hear nothing. This merely adds weight to my observation that it is so petty to be niggardly to so few because the cost would be so little, especially at a time when we think nothing of spending billions for the implements of warfare. Yet we are hesitant about spending just a little more to bring security to the few casualties of warfare whose disabilities cannot quite be proven to come within the scope of our present pensions legislation.

Whenever I get too despondent about how impotent my efforts are in these cases I think about the load carried by the Minister of Pensions and National Health. He carries the load of every single member multiplied by the two hundred and forty-five ridings. I know he has done his best to liberalize the pensions legislation, and I know that throughout his long career in public life he has fought very hard for his old comrades. It is not because of any lack of sympathy on his part that these borderline cases fail. It is rather because of the economies of the treasury board in the background. I intend to speak more fully on that in a moment.

At this time perhaps it would be appropriate for me to thank the minister's secretary, Miss Dixon, for all the help she has given, through me, to the old soldiers in my riding. Her courtesy, her patience, her willingness to help in every way, and her wide knowledge of departmental affairs have been of great help to me, and I am sure also to many other members of this house.

The whole problem of the return and the proper reestablishment of our fighting men after the war is a secondary one. It depends on one prime consideration, that the programme of reconstruction shall eventually provide adequate employment for all those who are willing and able to work. Included in this programme must be the war workers, but any plan big enough to provide employment for our veterans will certainly include the war workers. After all they are a preferred class, having practised civilian trades throughout the war in civilian life. Therefore, our entire programme of rehabilitation should be based on the assumption that adequate employment will be available. If that is not so, our programme of rehabilitation will be nothing but a programme of glorified relief, with a little training thrown in to pass the time away.

The object then is to return those who had civilian jobs to those jobs, to find jobs for those who have trades and skills, and to provide training for those who will need or want such training to fit themselves for employment. The training aspect is especially important because so many of our fighting

men are young men who joined up before they had learned a trade or profession. If this training is not given they will be condemned to a life of unskilled labour because of their war service.

There are some who deprecate any talk of post-war planning, reconstruction and rehabilitation at this time, because, they say, our whole energies should be concentrated on winning the war and that such talk gives the impression that the war is practically won. The tragedy of the united nations in 1939 was that we were unprepared for war even though it had appeared on the horizon since Munich. It will be a much greater tragedy if we are unprepared for peace, if having won the victory on the battlefield we lose it in chaos at home through unpreparedness. No better lift to the morale of the men now fighting can be given than the assurance by the government that it is now planning how to rehabilitate and reestablish them in civil life when the war is won.

The task is scarcely one just for the government. No soldier is going to be rehabilitated and reestablished just by government legislation or government enactment. It is up to the government to lay the foundation and from then on it is up to the soldier himself, to the community to which he returns and to private industry. May I here pay a tribute to the very fine work being done across Canada by the citizens' rehabilitation committees. After all, the first job of rehabilitation is to fit the veteran back into the social life of the community to which he returns, and these citizens' committees are doing a very fine work.

Very little has been said about the part industry must play in this programme of rehabilitation. The Reinstatement in Civil Employment Act of 1942 lays down the bare minimum, a minimum a great deal less than many soldiers realize. While the act provides that any man who left a civilian job to enlist shall get that job back after the war under conditions not less favourable than those that existed when he enlisted and with his old seniority, it does not mean that every soldier who had a job when he joined up is going to get his job back. When industry has had employees who enlisted, and who were replaced by others who later enlisted, it cannot be expected to have these junior service men displace senior civilian employees who have stayed with the industry throughout the war and who have seniority.

Another major factor is that a great many of our men do not want to go back to their old jobs. They have advanced in the service and in their knowledge of trade skills and in ambition, and they have no wish to return to their old jobs. If private industry tries to get by by doing only the minimum required under the act, it will be of very little help in the programme of rehabilitation. However, if private industry tries to carry out the spirit of the act in the most generous fashion it will prove an important factor in the reestablishment of our fighting men.

In this regard I should like to mention one company and what they have done. When I last spoke on rehabilitation I was treated very kindly by the gentlemen of the press, and as a result I received a considerable volume of mail from soldiers, soldiers' organizations, unions, service clubs and so on. I received one letter from the president of the Canadian branch of one of the largest companies in the world, Lever Brothers. He enclosed a booklet which they had sent to all their employees who had enlisted. I was very much interested in what they were doing, and took the opportunity of visiting their main plant at Toronto, where I met men who had been discharged and reemployed, and I was told what this company were doing in an effort to reestablish their employees who had enlisted.

When a man leaves this company he receives the same sort of send-off that a man leaving any other company would receive. The employees in his section wish him well and the company tells him that his job will be there when he gets back. During his absence he receives parcels, cigarettes, news, and so on. The management of this company believe that when these men return it will be much of an anti-climax if they have to go round to the time office and tell some junior bookkeeper whom they have never seen before, "Here we are; we want our old jobs back because the government says you must give them back to us." This company feels that the man returning should have as personal a welcome as he had a send-off, and so they have set up a welcome and placement committee consisting of a director, the personnel manager and a senior employee who is a veteran. They meet the returned man by appointment in a comfortably furnished office; they talk with him informally about what he has done in the war, where he has been and what he would like to do. Their aim is not to fit him into the job he had before the war, but into the job for which he is now best qualified. They intend to place every employee who enlisted, whether or not he is legally entitled to his job back. Other jobs will be provided for men who are disabled and cannot take over their old jobs, and their pay will be made up to their old rates.

They have found one serious difficulty in carrying out this policy. When a man comes back, the company knows everything about him before he joined up, how he worked, where he worked, and so on. They had a full record of how he had served them, what his education was, and so on. But when a man comes back, so far as the company is concerned his years in service are an utter blank. All the man has is his discharge certificate, which gives his name, number, rank, his physical description, his character, which is given in two words, and his trade assessment, which is also covered by two words. During his period of service the man may have taken many courses and obtained valuable training. His record may show that he had a real flair for leadership, but of this the company knows nothing. If they are going to place him in a proper job they should know this.

As an example, a boy who wrapped soap before enlistment has risen to the rank of captain in the army. The company does not want him to go back to wrapping soap, nor does the man want to do that. As far as the company is concerned his record is a complete blank. Of course, all this information is on file in the Department of Pensions and National Health and the Department of National Defence on one of those many, many forms by which paper wars are fought. That information is at headquarters, but it is not given to the man, on the ground that there is considerable confidential information such as his medical categories, his pulhems profile, whatever convictions or courts martial he had, and whatever punishment he may have received.

The employer is not interested in these negative factors. What he wants to know are the positive factors, how the man has improved himself during his service career. In the United States they gather the same information on the same number of forms, but they make a distinction between what they call the positive factors, which are of help to the man in getting employment, and the confidential factors. The man is given a complete record of his service for himself so that when he meets his employer, his employer will know exactly what he has done in his period of service. I have already raised this question with the minister and his department, and I hope that the Canadian authorities will soon take similar action.

I now turn to what is to me the most important feature of our entire programme of rehabilitation, and that is finance. I spoke on this earlier in the session and I do not intend to weary the house by repeating my arguments of that time. I said then that I thought the programme was very fine but that few soldiers could afford to take the training, and four months' study has confirmed me in that belief. No returned man can say that training to fit him for any desired vocation or profession was not prepared. My criticism was that few soldiers could afford to take this training, and figures given right in this house since that time certainly have confirmed that criticism. The minister of pensions, when the pensions estimates were up, said that over 135,000 men and women have been discharged from the services. The Minister of Labour (Mr. Mitchell) said that less than 3,000 of these have taken training—less than 2¼ per cent. It is no answer to say that most of them have chosen to go direct into war industry and intend to take training at some later time. I have made it my business to talk to every man I could who wears a discharge button and asked him about this, and almost inevitably the answer has been, "I would like to have taken some training but could not afford to take it under the present allowance, and so I took the first job I could get." These men are sufficient realists to know that if they are ever going to take training for the jobs they would like to have, the time is now, so that they will be trained and in those jobs before the great flood starts at the end of the war. But they cannot afford to take the training. I am very glad that since I last spoke the basic allowance has been raised from $44.20 for men to $60 for trainees, and $50 for veterans who are unemployed because the government's reconstruction plan cannot yet absorb them, and $20 for a wife. While this is an improvement I say quite flatly that it is still not enough. I want to make my position quite clear in this respect. I am not the sort of soldier's advocate who, no matter what is given, will still howl for more. I desire to make my position clear. It is the position of most of the soldiers and sailors and airmen overseas, in what they think is a very reasonable request, and that is that when they return after having served their country to be trained for peace they should do so under conditions not less favourable than those under which they were first trained for war.

There is quite an agitation in this country at the present time for full pay and allowances in the service until a man gets a job. I do not believe that that is either desirable or attainable. First of all, as far as keeping a man in the service until he gets a job is concerned, most of our soldiers and sailors and airmen who are serving overseas are not professional soldiers but citizen soldiers who joined up to defend their country because it was their duty, and they are anxious to

return to civilian life as soon as they can. The most common war aim over there is, "We want to get this bloody war over as soon as possible so that we can get back home." Any attempt to keep the majority of our fighting men in uniform one day longer than is required for military reasons will meet with the most violent opposition from the troops themselves. Full pay and allowances sounds very attractive, but I think it is unreasonable and undemocratic. In the army a man may be a major, a sergeant or a private, according to the job he does, but when the war is over and these men come under the Department of Veterans Welfare for rehabilitation training they are no longer majors or sergeants or privates but Canadian citizens who have done their bit on a common basis and they should get an allowance on that common basis. The same argument holds with regard to the payment of gratuities, which I mentioned last time and I shall not repeat what I said then.

I believe that the government is quite generous in setting a year as the maximum period for rehabilitation with the exception that those going to university will get a month additional for each month of service. That is exactly double what the United States allows under their bill passed a day or two ago. If our programme of reconstruction is successful, the great bulk of our returned men should be rehabilitated and reestablished within the year, and the problem of those who are not established will be a very different one, to be dealt with then in the light of the experience gained in the year. If our programme of reconstruction does not succeed in absorbing the bulk of these men by the end of a year, the country will probably be demanding a new government with a fresh approach to both reconstruction and rehabilitation.

To turn again to actual figures, the greenest rookie entering the army, air force or navy to-day gets $1.30 a day, plus board, lodging, medical care, clothes, et cetera. To those who have to live in lodgings during this training, as do the war emergency training plan entries to the air force, and as will all our peace-time trainees, an allowance of $37.50 for board and lodging is paid, which has been criticized by the hon. member for York-Sunbury (Mr. Hanson) and others as inadequate.

Mr. HANSON (York-Sunbury): I do not think I did.

Mr. SINCLAIR: You did. I heard the hon. member, and he was quite right, too. Adding those two together makes $76.50 in cash, plus clothing and medical care, and of course all tuition costs, plus $39.12 dependents' allowance to the wife and the standard children's allowances.

In the case of the veteran taking training, the government does give him an inadequate clothing grant, which will not tide him over the year. It also provides medical care for the year of rehabilitation, and tuition costs. But it pays only $60 to the trainee, $50 to those who cannot secure employment because the government's reconstruction plan is not ready, and $20 to his wife, with children's allowances the same.

I should now like to speak for a moment or two on the plight of soldiers' wives—a thing about which little has been said. A soldier's wife to-day gets $39.12 a month dependents' allowance, plus $20 a month assigned pay from her husband, plus $12 apiece for her first two children, and lesser amounts for other children. Wives without children who get jobs in industry are comparatively well off and can save their allowances and assigned pay. Officers' wives, with their allowances ranging from $49.10 to $64.12 and much larger assignments of pay, can also get by. It is the young soldier's wife with children who cannot work who has such a difficult job getting by on these allowances. Few of them had homes before the war, and with rentals the way they are to-day and landlords able to pick and choose and most reluctant to take a soldier's wife with small children, it is seldom in the better districts of towns that we find these soldiers' families. They struggle along in the poorest and most crowded of quarters, soldiers' families doubling up to cut expenses so that they can make both ends meet. Others fall back on living with their parents or in-laws, thus forcing them to carry part of the burden which should properly be carried by the government. Every newspaper in Canada has carried desperate advertisements from soldiers' wives seeking the cheapest sort of accommodation.

Added on top of all the worries and trials of a young mother bringing up children without the help of a father; on top of all the troubles coming from poor accommodation and crowded quarters; on top of all the loneliness from separation and the ever-present fear of injury or death to her husband overseas—on top of all this is endless penny-pinching just to scrape by. There must be times when the bitter thought has crossed the mind of many a young soldier's wife, how much better off her family and she would be if her husband had not seen his duty and volunteered, but had stayed safely in Canada and got a job in some exempted priority industry and let others do the fighting.

What now is to be the position of these gallant wives—the real unsung heroines of our home front—when their men return from war and must fit themselves for peace-time jobs? There will be all the emotional difficulties of picking up family life after a long separation; all the strain of getting their men to settle down and accept the quiet routine of civilian life after the excitement of war; all the problems of fitting men used to barrack life into their already crowded family quarters.

The same woman and family, the same cost of food and clothing and lodging, an extra mouth to feed, her husband dropped from his service pay down to the rehabilitation allowance; and a grateful country now rewards these women by reducing their dependents' allowance from $39.12 to $20 a month. It is the old, old story of a man with an axe to grind. It is, I think, an ominous indication of a return to the relief standards of the pre-war period. This house will excuse me if I do not sound paeans of praise over the government's recently announced increase of this allowance from $18.20 to $20 a month.

All my objections to the present plan trace back to one feature—finance. It is not that the people of Canada themselves want to be niggardly to our returned soldiers. Every section of Canada has urged on the government that our returned men be treated in the most generous fashion possible. Not that the suggestion I am making can be classed as generous; if I were to suggest that they should come back on double pay that might be called generous. But all that I and the soldiers I know are suggesting is the most modest of arrangements, that they get the lowest pay and allowances they got when they were training for the army.

What will be the cost of this? If, as at present, only two and one-quarter per cent of our service men take this training, on the basis of the 800,000 now in service it would cost the government an extra $3,250,000, not each year but in total. If the more optimistic figure of the Canadian Legion proves justified, and 200,000 take training for a full year, it will cost the government an extra $36 million—a lot of money, but less than one per cent of what we are spending on war alone this year. I believe the people of Canada would very gladly subscribe one peace loan at the end of the war if it were necessary to finance this rehabilitation programme.

Earlier I said that I believed that only veterans should handle veterans' affairs, a thing which certainly all soldiers believe. I am not one who claims that veterans should have every preference everywhere. After all, this war is being won not only by the fighting men, but by the war workers at home, and those who are keeping the wheels of everyday life turning in this country. I repeat, however, that everything connected with veterans' affairs should be in the hands of officials who themselves are veterans, because only men who have been soldiers realize the problems of soldiers. Yet the final control over all this great programme of rehabilitation is not in the hands of the Minister of Veterans' Affairs; it is in the hands of treasury board; and I find that of the six on the board, one only is a veteran. Here is the real stumbling block. Here is the inability to distinguish between the right of a veteran and the need of a relief recipient. I feel that if the minister could take problems to a special treasury board consisting of the eight cabinet ministers who are veterans, these old soldiers, knowing the problems of their former comrades, would see that justice was done to the fighting men of this war.

The Prime Minister (Mr. Mackenzie King), in his memorable address to the British parliament at Westminster, mentioned that in the past the sacrifice of human life has been commemorated in monuments of stone and bronze. This time, he said, we should seek a more fitting memorial, and he suggested that it would be found in securing for others the more abundant life.

No one can deny that this is a glorious objective, well worthy of the sacrifices made, but it is an objective which may well take many, many years to achieve. I would suggest that a more immediate memorial, one closer to the hearts of those who have fallen, one within the immediate power of this government to achieve, would be to secure a more abundant life for the dependents these men left behind them, and to ensure that their comrades in arms who survive and return will be treated in the most generous fashion possible and have a real chance to reestablish themselves in the life of the country they have defended so well.

Throughout the whole story of warfare runs one familiar pattern. The men who fight the wars at cost of life and limb are lauded in the loftiest terms when the battle rages—one has only to recall our last victory loan advertisements or remember our last victory loan speeches to hear the old refrain—yet how the tune has always changed when the battle is won. Our leaders say, perhaps rightly, that our legislation in respect of rehabilitation is the finest in effect anywhere so far. This, I submit, is not the proper criterion at all, because the historic treatment of all soldiers, after wars, by all countries at all times has been very poor. Our standard should be a

simple one, a Canadian one. Are we to treat our men as well, when they return to be trained for peace, as we did when they trained for war in our hour of need?

A great deal is said about Canada becoming the leader of the small nations after the war. I do not think the quality of leadership is at all dependent on size; rather is is dependent on courage, resourcefulness and imagination. No country in this war is in a better position to be generous to its fighting men than Canada, a country of tremendous natural resources, which has had enormous industrial development in the war and has been absolutely untouched by the physical devastation and destruction of war. She is one country that can afford to live up to the fine promises now being made to our soldiers. If we do so, such a course will have repercussions far beyond Canada. In every one of the united nations, soldiers' advocates will point to what Canada is doing for her fighting men as an example of what should be done for their own soldiers, and every soldier now fighting for freedom will have cause to bless Canada's leadership. It will be a real memorial to those who have fallen.

I do not propose to touch now on the dispute about whether a voluntary effort or a conscripted effort is best in this war, other than to say this. Those who express such pride in the fact that every Canadian overseas freely and voluntarily gave his services have a double obligation to see that this country is as free and generous to them when they return.

There is one more good reason why I feel that the government should immediately raise the rehabilitation grants to the basic level of army trainees, and this reason is almost entirely a civilian one. At the present moment in this country there are over two million people who can see no future for them or theirs when the war is ended—the war workers and their families; the soldiers who have no jobs to which to return, and their dependents, and the many extra workers in our war-swollen government services. Ahead of them they see no jobs, no security.

It is true that great plans for reconstruction are under way, that a new ministry of reconstruction is to be formed, that out of the agony of this war a brave new world is being planned, a world in which the unlimited resources of this country will be properly developed and there will be employment and social security for all. These, however, are but plans, and it takes more than plans to construct reality.

In this country there are Cassandras, almost entirely of one political group, who prophesy nothing but chaos in the post-war period, who loudly proclaim that our whole present economy will collapse in the greatest of all depressions after the war. Nor are they content merely to limit prophecies of gloom to the post-war period. We already heard their leader proclaim last winter that this April would see 100,000 unemployed in the land. But his voice was strangely still in April.

There are others who believe that this country can surmount the difficulties of the post-war years with the same courage, resourcefulness and united effort which we have shown in our war effort. I subscribe to this faith, and I believe that this government, which has led this country in such magnificent fashion in war, can do the same in peace, provided that its slogan is unchanged: what is physically possible will be made financially possible.

Since my return I have spoken to this effect in many parts of the country, but everywhere I have found a curious apathy to this contention. Deep in the minds of the little people of Canada, the people who have given their sons and husbands and brothers and fathers to the armed services, the people who have toiled in the factories and the fields, the mills and the mines, the people who time and again have oversubscribed our victory loans and our Red Cross drives, the people who have borne without complaint a heavy load of taxation—deep in the minds of these people there flows a dark current of fear and mistrust of the future. Whilst they acknowledge the great achievements of the government on the production front; whilst they realize that what has been physically possible for this country to do has been done, they can remember a time when finances were not forthcoming for what was both physically possible and highly desirable. They read of the great post-war public works projects, but they can remember that long-sighted men suggested identical projects to bring badly needed employment and security to the people in the great depressions of the thirties; yet nothing was done because there was no money. They remember the days of relief camps, of mass unemployment, of so much to do and so little being done, when only the wages of money were sacred; and now they wonder, are we to return to those conditions after the war?

It is idle just to promise otherwise and to expect these people to believe. Public faith in the spoken word is at an all-time low throughout the world. The Canadian public has always been somewhat sceptical of political promises. The barefaced disregard of promises and treaties by European dictators weakened still further public faith, and now

the wholesale use of high-powered propaganda as a mighty weapon of warfare has brought public faith in the spoken or the written word to its very lowest ebb throughout the world.

Belief to-day is founded not on words but on actions. People in days of old might be content with some strange portent in the sky to foretell the future. People to-day want some tangible token of what is to happen. There is to-day one sure way for this government to allay this mistrust and fear that after the war we shall return to the economics of scarcity, and that would be for the government to announce immediately exactly how it intends to finance its great programme of reconstruction. We in this house, however, realize just how difficult that might be at the present moment, when no one knows how long the war will last or what new great drains there may be on the public purse. But there is one phase of post-war finance which must be faced now because it is occurring now, and that is the financing of the rehabilitation programme.

While the great bulk of this work will not come up until the war's end, we must face it now, because every day we discharge men from the services unfit, maimed and crippled. Here, therefore, is a golden opportunity for the government of Canada to give real proof to the people of Canada that it will face the post-war period with the same courage and vision that it has displayed in its conduct of the war, that henceforth no financial obstacle will stand in the way of what should be and what can be done.

Nothing could at this time convince the people of Canada of the government's post-war intentions more than for the government to announce that when our men return to train for peace they will be treated as well as when they trained for war, that the day of niggardly and parsimonious treatment of the fighting men, when the war is ended, is ended forever as far as Canada is concerned. Such an act will capture the imagination of all those who view the post-war period with fear and misgivings. It will be a real pledge, a pledge which will be accepted and believed, a pledge which will spur the people of Canada to face the great problems of the post-war period with the same courage and determination that we showed when we stood alone in 1940.

Some weeks ago I heard over the radio a speech one paragraph of which summed up everything I have tried to say this afternoon. I quote:

> The support of our fighting men and our debt to all who are near and dear to them must extend beyond the theatres of war. It must look beyond the end of hostilities. We owe it to all who bear the heat of the strife; we owe it to those who are crippled and maimed; we owe it to the many homes that are bereaved; we owe it to the memory of those who give their lives; to do all in our power to ensure that their service and their sacrifice shall not have been in vain.

[Mr. Sinclair.]

These words were not said by some impassioned orator speaking before a veterans' gathering. They were not said by some small-time politician seeking soldiers' votes. They were not even said by the leader of an opposition endeavouring to goad a government into action. They were said by the leader of a great country, the one man in that country who has "all the power to ensure that their service and their sacrifice shall not have been in vain." They are the words of the Prime Minister of Canada, speaking in the British parliament at Westminster last month.

If the government persists in its present relief standard of financing the programme of rehabilitation, these words will be rightly regarded by all the fighting men as just another empty political promise made to fighting men at war, on a par with Lloyd George's declaration to the British troops in the last war that they would return to "a land fit for heroes," on a par with Borden's declaration to the Canadian troops that "the pick of the land would be theirs on their return"—what the soldiers call just a bit of the old malarkey. If, however, the government does announce to the world that it will treat its fighting men as fairly and as generously when they return to train for peace as when they trained for war, then these words of the Prime Minister will go ringing down through Canadian history as the declaration on which Canada paid her debt of honour and gave leadership to the entire world in her treatment of her fighting men.

Mr. G. S. WHITE (Hastings-Peterborough): I would first like to congratulate the hon. member who has just taken his seat (Mr. Sinclair) upon the many fine and constructive suggestions he has made on behalf of the veterans in connection with reestablishment and rehabilitation after the war. Members of this house will recall the last time the hon. member spoke on veterans' affairs and the very fine picture and the information he gave to members from the troops overseas. There are one or two matters which the hon. member emphasized which I should like to concur in and to mention briefly.

One of the first points was that the officials and staff who are administering the new veterans' department should be veterans who have served, and in particular young veterans. We must consider the age of veterans in this war and the standard of their education,

which is much higher than that which existed in the last war. It has always struck me that one of the chief difficulties in the past administration of veterans' affairs in this country, and in particular the administration of the pensions' aspects, was that many of the officials are what the average soldier calls brass hats, that they lacked on these boards and committees men who had served as private soldiers and therefore had the private's point of view. I certainly concur most heartily in the remarks made by the hon. member who has just taken his seat, that when these various boards and offices are filled the minister should bear in mind and should see to it that veterans who have actually served in a theatre of war are given the majority of appointments.

The hon. member also mentioned the great question of finance, and he referred to the fact that in so many cases there is petty penny-pinching, which is quite true. Yet we have just had the experience this week in this house of this parliament having voted somewhere around $75 million to the body known as UNRRA, and last night we passed the Mutual Aid bill involving several hundred million dollars—to be precise, $800 million. So often, however, when we come to deal with the private soldier, we return to this petty penny-pinching.

The hon. member gave figures to show that as far as the number of returned soldiers taking training is concerned, the mere expenditure of some $36 million represents the further assistance that could be given in the way of allowances to their families. I am sure that all members of this house, and in particular, all veterans, will agree that the setting up of this department is a step in the right direction, because ever since the last war veterans' affairs have been scattered about in several different departments; and now for the first time we shall have one department which will have complete control over all matters relating to the veterans.

I would point out to the minister that I sincerely hope one of the first acts will not be the tieing up of this department with endless miles of red tape which so often exists in all matters having to do with veterans. I would suggest further to the minister that probably now, when the new Department of Veterans' Affairs is being set up, when a new minister and new staff is to be appointed, is the time for the government to review all acts, orders in council and regulations that have been passed and are now in existence that have to do with veterans and their dependents, with the object of bringing them up to date, modifying or changing them in any way that would be of further assistance to the veteran and his dependents. I suggest that because I feel that the manner in which we deal with the veteran and his dependents after the war will determine in a large measure the future of this country. When the soldiers come back and take their place in the peace-time efforts of this country we cannot afford to have the conditions which existed after the last war, and which in many cases exist up to the present time, return. It is not good for the country to have continual complaints from individual veterans, veterans' organizations and other societies that are interested in the welfare of these men.

Without question these men and women are entitled to certain grants and assistance from the government. This assistance should be given as a matter of right. These men and women are not looking for or expecting charity of any kind. They do not want that. All they want and ask is an opportunity to become reestablished in civilian activities and given a decent opportunity to earn their living and not to be penalized in any way for the time that they have spent in the service of their country.

Up to now the house has not been advised as to the method and the manner in which demobilization will take place. When the minister speaks I think it is most important that he give some indication as to how the troops are to be demobilized, because if demobilization is to be carried on in the same way as was done after the last war I, for one, fear that there will be serious difficulties. Perhaps the government have plans well advanced to take care of demobilization and how they are to place all these men in civil life. I would suggest to the minister that he outline to the house just what is to take place.

I believe it has always been a matter of keen disappointment to many citizens of Canada that the government did not undertake some system of insurance for the troops early in this war, such as exists in the United States.

Since this new department will administer the Veterans' Land Act I ask the minister whether consideration has been given and is being given to the request made to the government some time ago, namely, that in all cases where soldiers who came under the old act and are still paying on their property, they be given a clear title without making any further payment. Surely at this late date, where veterans have been paying on their land for over twenty-five years, it would be a very nice gesture for the government to hand clear title to these people. When the new act is administered I sincerely hope that there will not be loaded on to the soldier settler the same type of land that many were induced to buy after

the last war. All hon. members have had cases in their own districts of soldier settlers re-established on land which was from the very start hopeless, and that no doubt led to much of the grief later on.

This new veterans' affairs department will administer pensions, and it will probably be the most important part of the department. The question of pensions for men and women in the armed forces has been before the house on many occasions. Recently when the minister's estimates under the war appropriation bill were before the house there was a long discussion on the desirability of including the insurance principle in the Pension Act. I was very sorry that the minister did not announce that this most important clause would be reinstated in the act. The only reason given by the minister that I can find as to why this principle was taken out of the act is that early in 1940 there had been certain abuses under the act, which were most regrettable. I do not think that explanation was very satisfactory, nor is it acceptable, because the minister must know that under every act and under every regulation there will be certain abuses. I think it is most unfair that many serving men and women are deprived of the benefit of the Pension Act. I would suggest to the minister that now, when his new department is being set up and they are starting with a clean sheet, one of the best things he could do would be to recommend that the insurance principle be reinstated in the Pension Act.

There was much said in the same debate as to the question of onus of proof in pension cases. The minister in his reply in that debate tried to make out a case to the effect that the onus of proof was not on the soldier but on the pension commission. I would point out to the minister that in all too many cases where a soldier has enlisted and placed in "A" category, has served overseas, returned to Canada, been discharged as medically unfit and placed in a low category, the pension commission or the medical advisers have found that his disability was pre-enlistment. I say to the minister that as long as that condition exists the onus of proof is still on the soldier and not on the pension commission. I think it is only fair to say that with regard to any soldier who enlists in "A" category, serves overseas and is later discharged, it should be assumed and taken as *prima facie* evidence that the disability complained of was owing to his war services. I would ask the minister, in setting up this new department, if he would see to it that the pension commission make that one of their standard regulations. That would be another fine gesture for the government to make. As the war progresses further and more soldiers are returning, more and more cases are brought to the attention of members of parliament. The hon. member who spoke a moment ago mentioned that cases came to a member only as a last resort. I have always felt that it should never be necessary for any soldier to have to consult his member of parliament, a lawyer or his reeve, or anyone else, and ask them to use their influence—if we may call it that—or their help to assist him to get from the dominion government something which should be his as a matter of right.

While I do not like to mention personal cases, the one I have before me is so distressing, and points out so many of the matters of which I have complained before in the house in connection with the pension board, that I am going to ask the indulgence of hon. members to give the particulars. This is the case of a young man who enlisted on April 3, 1940. His discharge certificate shows that he was discharged on April 25, 1944, after service in Canada, England, North Africa, Sicily and Italy. During the fighting at Ortona he was serving in a tank. The tank was hit, and as a result he suffered a compound fracture of his right leg below the knee, severe chest injuries and injuries to his face. After months in hospital he was returned to Canada, and was discharged in April, 1944, so that he had well over four years' service.

This man, with a record which would be hard to equal, received a discharge certificate which gave, as the reason for discharge, the one that his services were no longer required. To me that is an insult to place on the discharge certificate of any soldier from this country who has served in Canada, England, North Africa, Sicily and Italy. This man, as I said, was discharged in April, 1944, and, up to date, has not received a pension.

Mr. MACKENZIE (Vancouver Centre): Has he applied?

Mr. WHITE: Yes, he has.

Mr. MACKENZIE (Vancouver Centre): When?

Mr. WHITE: I will come to that.

Mr. MACDONALD (Brantford City): The discharge would not come from the Department of Pensions and National Health.

Mr. WHITE: All right; do not get hot under the collar about it. I think the hon. member for Brantford City will quite agree that any soldier who has served overseas should not have on his discharge certificate the notation, "his services being no longer required." The

hon. member is an old soldier himself, and he knows the type of soldier who has that notation placed on his discharge certificate. I do not need to tell him that.

Mr. MACDONALD (Brantford City): I agree with that, but I did not think it should go on the record that this was the responsibility of the Department of Pensions and National Health. As I understand it, that department has nothing to do with issuing discharge certificates.

Mr. MACKENZIE (Vancouver Centre): Not the slightest.

Mr. WHITE: I understand that.

Mr. HANSON (York-Sunbury): And he did not say that.

Mr. WHITE: I am just mentioning that that is one of the indignities this man has suffered. He was discharged on April 25, 1944. He is a married man. One of his legs will be considerably shorter than the other. He still suffers considerable pain, and finds it difficult to walk in an upright position. As yet he has not been able to secure employment, because he is not physically able to work.

He came to see me about the matter, and I wrote the pension commission. I have their reply under date of June 9, 1944, in which they give, as a reason for the delay in pension, the statement that the documents have not yet been received. They say that the documents have been urgently requested and that the case will be placed before the commission for decision, immediately they come to hand. The letter closes by saying that the case is being referred to the welfare division of the Department of Pensions and National Health in order that Mr. So-and-so may be considered for benefits, assistance and so on.

My complaint is this: Why is it necessary for the Department of National Defence to be in such a hurry to discharge a man from the armed services? Is this another example of penny-pinching, so that they will save his pay and allowances? Why should the man of whom I have been speaking be discharged from the armed forces, with pay and allowances cut off, when he is not able to work, and his pension application has not yet been adjusted?

I say to the minister in all fairness that it is cases of this kind which cause dissatisfaction and bitter feeling toward the pension officials. And I may say that if there are many cases like this such feelings are entirely justified. It would seem to me, from the date of the discharge, which is well over six weeks ago, that that is a long time in which to transfer the papers from the Department of National Defence to the pension board.

Mr. MACKENZIE (Vancouver Centre): Will the hon. member give me the name, privately?

Mr. WHITE: I shall be glad to send the minister the letter, yes.

I would say something further to him in connection with the rehabilitation grant. I know that probably there will come before the house at this session something through which grants will be increased; at least I sincerely hope they will be increased. I point out to the minister that between 100,000 and 125,000 men have been discharged, to date, and they have received pay and allowances for one month, as their rehabilitation grant. The point is that these men and women want that grant when they are discharged. If it is to be given to them within six, twelve or eighteen months after they are discharged, it will not be of the same benefit to them, because the grant is to assist in their reestablishment.

There are one or two other matters I would mention, which have been before the minister on many occasions. One has to do with the same allowance for the mother as for the wife. I have in mind, in particular, the case of a widow whose husband had been in receipt of a pension of less than fifty per cent disability. On the death of her husband she does not continue to draw pension. If such a widow cannot qualify under the provisions of the act she is often left in a most serious condition.

In regard to those two matters I would point out to the minister that under the Pension Act the government realizes that there is a responsibility to a soldier's wife, because if a soldier has a thirty per cent disability he receives a certain amount of pension for himself, and an additional amount for his wife. Therefore it should be recognized that there is some liability so far as his wife is concerned. It is only logical, therefore, to assume that after the husband dies the widow would surely be entitled to more consideration than ever. However, instead of the government continuing to pay her a pension that pension is cut off.

True, if a soldier had a disability of fifty per cent or over his wife would receive a pension. Perhaps there is some good reason for placing the line at fifty per cent. I am sure the minister will agree, however, that the result is most unfair. The wife of a man who had a forty per cent disability receives no further pension, but the wife of a man who had a fifty per cent disability will, upon his death, continue to draw pension for the rest of her life. I make that suggestion to the minister for his serious consideration, because I know of many cases where there has been great hardship. I am sure that other hon. members know of similar cases.

In conclusion, I should like to refer again to the benefits conferred by the Sparkman act in the United States. The provisions of this act have been incorporated in a provincial act in Ontario, but I suggest that legislation should be passed by this house which would apply to all Canada and continue in force for a certain period after the war. One of the provisions of the Sparkman act was that soldiers' insurance would be protected. It is quite easy to understand what may happen to soldiers' insurance after they have been discharged and are no longer receiving pay and allowances. That will be one of the first things that will have to go and there should be some provision to protect this insurance. We should also have the other provisions of the Sparkman act in order to give assistance to these men.

Mr. ROBERT FAIR (Battle River): Mr. Speaker, like the two hon. gentlemen who have preceded me I am glad to see bill No. 83 introduced. I am in favour of this bill because I believe a new deal is being brought about for the veterans of the last war and of this war. However, I think before we begin to construct a new, modern building it is absolutely necessary that we clean up the slums which are now on the site on which the new building is to be erected. I was interested in the remarks of the two hon. gentlemen who preceded me, particularly those of the hon. member for Vancouver North (Mr. Sinclair) and his reference to the treasury board. I feel quite satisfied that many of the good things that would be brought about for Canadians have been blocked because of the control by the treasury board, which in many instances is not in accord with parliament. On another occasion when the bill is in committee I shall deal with the Veterans' Land Act and other matters in connection with pensions and so on, but on this occasion I want to clean up if possible some of the slums that exist at the present time.

I referred to the veterans of the last war, and in order to build up their case on a solid foundation I should like once again to quote an address by Sir Robert Borden, then prime minister of Canada, to the Canadian expeditionary force in June, 1917. At that time certain promises were made to the men of those forces, and it is the duty of this government to carry out the promises of its predecessor. Sir Robert Borden said:

> You are men actually facing the enemy day and night. You are suffering greatly from fatigue, overstrain, and lack of rest. The marvel of it is that men could undergo such a strain without breaking; but you have never yet broken, and history will appreciate that in days to come.

[Mr. White.]

> You men are about to enter one of the most serious engagements that ever faced the Canadian corps. I cannot, at this moment, give any information as to where this attack will be staged, whether it be successful or not, it is to be borne in mind that it will not be an easy success. . . . We feel confident that you will succeed where others failed; for you have never yet failed in anything you have set your hand to, as a Canadian corps.
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> You can go into this action feeling assured of this, and as the head of the government, I give you this assurance; that you need have no fear that the government and the country will fail to show just appreciation of your service to the country and empire in what you are about to do and what you have already done.
>
> The government and the country will consider it their first duty to see that a proper appreciation of your effort and of your courage is brought to the notice of the people at home, and it will always be our endeavour to so guide the attitude of public opinion, that the country will support the government to prove to the returned man its just and due appreciation of the inestimable value of the services rendered to the country and empire; and that no man, whether he goes back or whether he remains in Flanders, will have just cause to reproach the government for having broken with the men who won and the men who died.

Something similar was said to our men just before the invasion of a little over a week ago. It is our solemn duty to the men of the invasion of years ago and those of the invasion of just over a week ago to see that our promises and pledges are kept.

I said a few moments ago that I intended to deal with the soldier settlers of the last great war. A number of injustices exist in general, but on this occasion I shall deal specifically with a matter which affects the soldier settlers of the last war. I am not going to go into it in any detail, but I want to give the house some information to bring my former presentation up to date. In order to do this it will be necessary for me to give a few figures. Some people do not like to deal with figures, but I think they are necessary in order that the house may have a full appreciation of the situation facing the veterans working under the soldier settlement board.

As in this war, during the last war a number of soldiers were recruited from the land, and for that reason a number of them wished to return to the land after the battle had been won. After some considerable time and sifting out, 25,017 of those men were settled on the land. The government advanced $109,034,331 for the benefit of those settlers at a rate of five per cent on current debts and seven per cent when a man went into arrears, as happened in most cases. I believe an injustice was created right there. There was no need of having a rate of five per cent,

and there was still less justice in having a rate of seven per cent imposed upon these settlers who got behind with payments. People had a different idea of money at that time from that which they have to-day, and this injustice was imposed upon those men whom we praised and lauded but who were treated in an entirely different manner as soon as they came back.

I should like to give the standing of the board at the end of the last fiscal year, March 31, 1944. The amount of principal repaid, which covers payments by soldier settlers and civilians who bought land after the soldier settlers had either vacated or given it up for other reasons, amounted to $50,507,493.20. The amount of interest repaid was $25,381,060.13. This totals $75,888,553.33. It will be noticed that one-third of what was paid back by the settlers was used up in interest. A number of measures were introduced to reduce the indebtedness of these settlers. The soldier settler scheme had been poorly and I believe hastily thought out, and many poor deals were made on behalf of the settlers. Land was bought at high prices as was live stock and machinery. These things were bought on the basis of wheat ranging from $2 to $3 per bushel, but in a short time it had dropped to as low as twenty cents per bushel. Because of the unsatisfactory conditions under which the board got started we find that substantial amounts were cancelled under different schemes, which I am not going to enumerate, because I have done it before on other occasions. The amount of principal cancelled was $24,867,637.64, and of interest, $19,234,239.77, making a total of soldier settler cancellations alone of $44,101,877.41. The cost of administration up to the end of last March, so far as the soldier settlers are concerned, amounted to $27,340,763.64. The total of cancellations and cost of administration was $71,442,641.05.

Other cancellations under that same board for civilians, British families and others, in principal and interest amounted to $13,389,338.10, and administration costs, $3,832,126.32. That makes a grand total of cancellations and cost of administration of $88,664,105.47. It will be noted that these items are far above the total amount that was paid in principal and interest, which was $75,888,553.33.

I was interested in getting certain information dealing with soldier settler cases, and just over a year ago I placed certain questions on the order paper. My question was passed as an order for a return on July 1, 1943, and on March 6 of this year the return was brought down. I do not know why the return was held up, because other orders for returns that had been passed at the same time were tabled on January 28 of this year, but apparently somebody did not want the information contained in this return brought down. As a result it was held up until other information I had asked for, dealing with soldier settlement board matters, was tabled on March 6 of this year. In tabling this return the Minister of Mines and Resources (Mr. Crerar) made some apologies, which I did not ask for. I think he made those apologies for the purpose of destroying the sting of the information contained in this return. I shall deal with the return itself in a moment.

This return is supposed to have cost $2,180 to prepare. The minister's information to the house in tabling the return was that two senior members of the soldier settlement staff were engaged upon it for two months at an average monthly salary of $230; four members of the clerical staff were engaged for two months at an average salary of $125; three typists were engaged for one week, at $60, and one senior clerk was engaged for one month at $200. It has been very interesting to me to note that all these high-priced members of the staff have been engaged upon the return for a period of months or weeks. I cannot understand why it should have taken that long. While my business has been farming, if I could not have had my files in better shape than that, I think I would have closed that department long ago. If I could not do that work myself in less than the time that has been taken by all the members of the staff mentioned, I would quit farming. I do not see any reason whatever why it should take all this time, and if the report given by the minister with regard to it is correct, which I very much doubt, I would say that it is about time he dusted off his files and closed up that department.

The newspapers took up this matter and quite a number of them criticized me, but with that I am not concerned at all because I had some better idea in mind than these newspapers had. Other newspapers were more reasonable, having in view what I had in mind when I asked for this information. One newspaper was very critical. The Calgary *Herald* of March 7, 1944, just one day after the return was tabled, had an editorial headed, "Member's curiosity costs great deal of money." It goes on to say:

> A question asked in the House of Commons by the Social Credit member for Battle River cost the government, which means the Canadian taxpayers, the sum of $2,180 to answer. This amount is over half the annual sessional indemnity drawn by this member. The question required a great amount of research on the part of government accountants and clerical work by stenographers and typists over a period of several weeks.
>
> This incident calls attention to a growing nuisance in parliament. Much information

which could be procured by a little energy on the part of members in scanning the records of departments, is sought in the Commons through questions on the order paper. It saves the members' time and energy but puts a lot of work on civil servants, and in many cases the information when produced is of little public interest.

The Alberta member in question may have been justified in demanding complete records on soldier settlement since the beginning of the war to the end of last year, but in this time of war when government departments are faced with many new burdens it is a question that might have been delayed for a more convenient season.

Some of the questions submitted in the house bear a strictly political complexion rather than a desire to produce information of a public nature, and there is common sense in the declaration of Prime Minister King that questions should be as concise as possible in order to avoid unnecessary expenditure.

This editorial, which does not for one moment affect me—I am carrying on anyway—gives the point of view of the writer. I had in mind only one thing, the welfare of the veterans of the last great war, and having their interests at heart, I thought I would be doing a service also to the veterans of this war, because if we can clean up the slums of the last war we shall be able to build a much better structure for those who return from the present war.

I have here an editorial from the Edmonton *Bulletin* of March 8, which I shall not take the time to read, but which justifies the stand I took in asking for this information. The Calgary *Herald* would seem to be much more interested in politics than in the welfare of our men and women who returned from the last war and those who will return from this war.

Dealing with the return itself, one of the questions asked was the valuation of the property when it was taken over by the soldier settlers, and in answer to the last question the return gives the value attached to the land when the soldier left it. There are 301 cases altogether, covering the period from April 1, 1941 to March 31, 1943. I shall refer to only a few. One of these properties, in British Columbia, was valued at $4,500 when it was taken by the soldier settler, and its value at the time of rescission of the contract was $2,000. Another one was purchased for $3,825 and sold for $1,000. Another was purchased at $2,900 and sold for $1,000. Those were in British Columbia. The same conditions applied all across Canada. I shall not take time to read the details but I have made a summary of them which with the permission of the house I would like to have put on *Hansard*.

Mr. DEPUTY SPEAKER: With the consent of the house.

Mr. FAIR: Thank you, Mr. Speaker. The summary which I now put on *Hansard* gives the information I wish to convey to the house at this time. It shows that 301 soldier settlers were put off their land during that period of two years, that the land was purchased at a price of $816,955.25 and sold for $506,676, which is $310,279.25 less than the price actually paid for the land. The summary is as follows:

QUIT CLAIM DEEDS AND 30 DAY NOTICES—APRIL 1ST 1941 TO MARCH 31ST 1943.

—	—	Original Purchase Price	Amount advanced for implements, stock, etc.	Paid by settler	Amount written off	Acres new land brought under cultivation	Value of land and implements at time of rescission of contract.
		$ cts.	$ cts.	$ cts.	$ cts.	acres	$ cts.
28	British Columbia	79,933.09	46,820.46	53,916.76	84,552.20	213·60	52,788.00
99	Alberta	268,949.79	255,626.64	214,637.09	353,154.15	5,433	180,814.00
117	Saskatchewan	290,212.02	287,166.05	255,580.93	373,989.09	7,343	187,139.00
35	Manitoba	107,180.97	82,138.91	77,313.97	128,809.72	950	53,910.00
14	Ontario	53,579.38	26,364.80	43,229.05	42,577.86	12	24,600.00
8	Maritime	17,100.00	5,154.02	9,320.02	16,228.85	39	7,425.00
301		816,955.25	703,270,88	653,997.82	999,311.87	13,991	506,676.00
		506,676.00					
		310,279.25					

Carrying on this statement, the total amount outstanding at the end of March, 1944, the period with which I was dealing a moment ago, is as follows:

Soldier settlers	$ 7,715,954 01
Civilian settlers	6,999,197 40
British families	1,895,612 66
N.B. families	122,333 98
Total	$16,733,098 05

The total amount of arrears is distributed as follows:

Soldier settlers	$1,054,269 30
Civilian settlers	616,235 77
British and N.B. settlers	205,794 91
Total	$1,876,299 98

I might say that I am not here interested particularly in civilian settlers; I am very much interested in the veterans of the last war. The number of those still on the land is 6,153, and their average indebtedness when they bought the land, approximately twenty-five years ago, was $4,358.40. After putting in twenty-five of the best years of their lives, with their wives and families helping them, the health of many of these individuals having broken down in the meanwhile, we find that the average debt of the settlers to-day is $1,254, or 29 per cent of the original debt, and this after all the cancellations to which I referred a moment ago, totalling $44,101,877, are deducted. You will see therefore the impossibility of these men, many of whom are now over seventy years of age, paying for their lands unless something drastic is done, and that drastic thing is to wipe off the indebtedness and give them clear titles now.

Again, these contracts are in as good a position as they are to-day largely because members of the settlers' families have in many cases gone into war industry or other branches of business and have sent home money to keep the sheriff away—because that is exactly what has been happening during the years since the war broke out. Anyone who takes the trouble to find out how many settlers have had to vacate their land because of cancellation notices or, in some cases, through being forced to sign quit claim deeds, will realize how necessary it has been for young men and women in a number of cases to come to the help of aged parents.

We find also that in a number of cases the pensions of soldier settlers went to make good a part of these payments. I do not intend to go into detail in connection with orders in council which were passed. One was adopted in 1941 on the advice of a committee which was set up at the instigation of the Minister of Finance (Mr. Ilsley), I suppose on behalf of the treasury board; it was recommended that up to $20 per month should be deducted from dependents' allowance of men who had enlisted in the second great war and were indebted to the soldier settlement board. I do not believe that such action can be justified under any circumstances. But the programme still goes on. I resent it, as do thousands of other Canadians. Another order in council made provision that settlers who were in debt could apply to the director to have their debts reduced; and in a number of cases, I believe, extensions were granted for another twenty years. You can visualize the man who is now seventy years old signing up another contract for twenty years, giving himself a job until he is ninety years old in order to get clear title to his land, enabling him after forty-five years to obtain title to a quarter section or perhaps a half-section.

When I took up this question a year ago the Minister of Mines and Resources (Mr. Crerar) seemed to think that I was fighting on behalf of a few settlers around Saskatoon who had organized up there. The minister's final reply to my plea, as reported in *Hansard* of July 24, 1943, page 5377, was:

> I repeat that to meet the hon. member's request and wipe off the outstanding indebtedness of soldier settlers would be unjust to those settlers who paid off their debts and to-day have title to their land. Why, during the last year several hundred of these soldier settlers have paid off what they owed on their land and acquired title to it. I can assure hon. members that the government has no desire to deal harshly with any of these men. We recognize what they did from 1914 to 1918 but, after all, governments have to shape their policies in line with the general good. If to-day we took the action urged by my hon. friend and wiped off the existing indebtedness of soldier settlers, it would be a gross injustice to those who have met and are meeting their obligations.

I suggest that if that is so, you have to go back to the debt adjustment board and replace all these cancellations. I do not feel that the minister's argument holds good; if we have imposed an injustice on a number of men, we should clear our skirts to some extent by relieving those on whom the injustice is still being imposed.

At that time the little organization at Saskatoon was supposed to be the only body backing this programme. I am glad to say that we have many more backers of the request that clear titles be granted to these men. The Canadian Legion of the British Empire Service League of Alberta and British Columbia have endorsed this request, and on May 23 a delegation of nine, representing the Soldier Settlers Association of Canada, came here from the prairie provinces and presented a brief to the government. I must say that that brief was very well received, and the

delegates went home much encouraged and well satisfied with their trip to Ottawa. They feel that something will now be done, and are living in hopes.

The last two paragraphs of the brief are as follows:

> In conclusion, we present this petition with its thousands of signatures as indicative of a cross section of veteran and civilian opinion from the four western Canadian provinces. It has entailed during the past winter the travelling of thousands of miles under adverse conditions. In addition we have secured the unanimous support of the Alberta legislature, the 20,000 members of the Alberta Farmers Union, the Saskatchewan Association of Rural Municipalities, the Saskatchewan Wheat Pool, the United Farmers of Canada (Saskatchewan section), and the United Farmers of Alberta.
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> And so, gentlemen, we rest our case, believing that we have right on our side and hoping that we shall receive justice.

I will not deal any further with the brief. The Minister of Pensions and National Health was one of those very much interested and in favour of doing the right thing. In addition to this brief, with the support of the organizations I have mentioned, petitions were circulated and signed by no less than 12,500 citizens of the four western provinces. So far as I have been able to learn, not one person who was approached refused to sign the petition, and many people chipped in with their nickels and dimes in order to send the delegation to Ottawa and defray other expenses incurred in the circulation of the petition.

I do not want to take up much more time; as I said, I intend to deal with the Veterans' Land Act when the bill goes into committee, and I shall then have something to say on other matters connected with pensions, et cetera. I believe that the minister in charge of this bill is sympathetic to the general point of view I have expressed. I plead with the treasury board not to delay this measure of relief. These veterans have suffered enough in the past, and their sufferings should be ended right away. I am asking that clear title be granted in view of the fact that twenty-nine per cent of the original loan remains unpaid after deductions amounting to $44 millions have been taken off.

A number of the settlers are over seventy years of age. The conditions that caused their inability to pay for their land were man-made. If our economy had had regard to the interest of agriculture and of other groups in Canada these debts would have been paid off long ago. The low prices for goods sold were not justified, nor were the high prices charged for the things that these settlers and other agriculturists had to buy. The sons and daughters of the veterans on whose behalf I am speaking now are overseas doing that magnificent job which we hear praised here day after day, and in a very short time they will be coming back. Perhaps to-day they are wondering whether, when they do come back, their fathers and mothers will be on the roadside, having been put off the land. Let us give them a home to come back to, and by so doing we shall save the government money. I think we have a bunch of hard-headed men in the government, and if they figured this out on a financial basis it could be shown that it would be actually a saving of money to the government and to the country.

As a last reason I would say, build up the morale of the veterans coming back who will settle on the land under the Veterans' Land Act. There is nothing more destructive to the well-being of any of these settlers than to see men who were placed on land, under a scheme similar to that which is being put into effect at the present time, still struggling in debt, in poor health, living in poor homes and unable under present conditions to pay for their land.

Hon. R. B. HANSON (York-Sunbury): I had no intention of speaking on the bill until I heard over the radio the broadcast of the minister's statement at noon as to the passing of a new order in council, revoking regulations heretofore established and substituting new regulations, a copy of which he has been good enough to send me since the house began its session this afternoon. These are quite voluminous and require at the hands of hon. gentlemen a substantial amount of study. That study should be given before we are asked to vote for the second reading of the bill, because, when we pass the second reading, we agree to the principle of the bill and thus are left in a restricted position with respect to the regulations, which are most important, and which, according to the press release which the minister has been good enough to send me, establish some new and far-reaching principles.

I think it is fair to say that the minister's intentions are to simplify and consolidate the existing regulations and to remove certain inequalities with respect to discharge allowances and so forth of ex-servicemen. Therefore I am going to ask the minister, before the second reading of the bill is passed, to give an exposition to the house and the country of the scope and nature of the new regulations which he was able, only yesterday, to get passed, or which I am advised he was able to get passed, through the much-abused treasury board we heard something about this afternoon.

Mr. MACKENZIE (Vancouver Centre): Perhaps my hon. friend will allow me to inter-

rupt, and perhaps the house will give its consent to enable me to table the order in council at the present moment.

Mr. HANSON (York-Sunbury): I am going to ask the minister to follow that up by giving instructions that copies of these regulations be distributed immediately to all the members of the house, and I will ask hon. members to read the regulations, because there is not one of us who has not from time to time, and in many cases extending over a long period of years, been confronted with the necessity of advising on pension matters. I have never felt competent to do this because, in the first place, I cannot claim to be a veteran, and in the second place I have never sat on any of the pension committees that have operated in this house since 1920, of which there have been many, so that I have not had an opportunity to make any extensive study of the pension law and the regulations that have been passed. But there is no branch of the duties that are imposed upon members of parliament which has given me more trouble and sometimes anxiety than in the case of applications from my constituents for the extension of pensions. I have always been at considerable loss and disadvantage as to how I should proceed in a given case, and many times I have met with frustration for reasons which I could not really understand. Therefore I am going to ask hon. members who are interested, especially all veterans in the house, to read the regulations thoroughly. I myself have only had a chance to have a hasty glance at them, and I can recognize one or two modifications of situations which certainly appeal to me. One of them is this. A man returns discharged, not in a good medical category and not pensionable; yet he needs hospitalization, and he has always been denied that. He must be a pensioner before he can get hospitalization. In my files I have a case of a young officer returning from overseas, discharged, who has made serious allegations against the Department of National Defence, which allegations are at present the subject of investigation. They allege, not the alteration —of his medical sheets, but additions to his medical sheet. I myself am not in a position to judge as to the accuracy of the position, but certainly at my request a court of inquiry is being held, and it is a serious matter.

That, however, is not what I started out to effect; what I tried to get was hospitalization for this man who has never applied for a pension, who may or may not be entitled to a pension, but who, under regulations which are included in these new regulations, will be able to get hospitalization. I will not say more about that, because I believe a thorough inquiry will be held into the situation to which I have referred, which will be elucidated to say the least.

What I wish particularly to speak about is this. In the course of the past twelve months there has come to my notice personal application from veterans of this war who have been discharged and who, on applying for pension, are met with a more or less blank wall arising out of this situation. They are told, "Oh, yes, you have a certain disease; you are suffering from a certain diminution of your physical powers; there is no doubt about it that your category is low, and that is one of the reasons why you are being let out of the army." And the reason for refusal is given in a few terse words or sentences: "This is a pre-enlistment condition."

In each one of those cases I have perused the medical sheets and all the other papers that were available to me. I have gone through them with a microscopic eye, and in every case that I have examined—and it is not one, two, three or four, but nearly a dozen—on the medical sheets and on the documentation assembled and handed to me on behalf of the applicant there is not an iota of evidence to show that he had a pre-enlistment condition. He was taken into the army in category "A"; and presumably he had a proper medical examination when he was inducted into the army or air force or whatever the case may be. He is discharged after fifteen, eighteen, twenty-four or thirty months' service. These discharges take place mostly overseas. In the cases that came before me, I think one or two had not gone overseas. He is discharged with a lower medical category. He is no longer suitable for service. On his application for a pension—suffering now as he is from a disability—a statement in effect is made to him: "Yes, you have this disability, but it is a pre-enlistment condition." There was not a single iota of evidence on the face of the documents to support the statement.

If I understand the basic principle of the law, the burden is on the applicant in the first instance to show that he had the disability and that it arose under certain circumstances and conditions before pensionability is allowed. I understand that. But where it is admitted that a man has been in service and that he has a physical disability and his medical sheets are produced, the documentation is there, and where pension is refused on the allegation of the medical staff of the board of pension commissioners that it is a pre-enlistment condition, I assert with every degree of confidence that the burden of showing that is on the pension commission.

Mr. MACKENZIE (Vancouver Centre): That is correct.

Mr. HANSON (York-Sunbury): It is an axiom of law that he who asserts an affirmative proposition must prove it.

Mr. MACKENZIE (Vancouver Centre): That is the case now.

Mr. HANSON (York-Sunbury): That is the case, but in every case that I have had anything to do with I have sought in vain for evidence in support of the affirmation of the proposition and it has not been given to me.

Mr. MACKENZIE (Vancouver Centre): May I have those cases?

Mr. HANSON (York-Sunbury): I can give them, yes. I have two in my mind and I shall get them for the minister. The files will show that I have written in each one of those cases for the supporting evidence to substantiate the claim that this was a pre-enlistment condition. That is the situation which has arisen. There may be a good reason for it; I do not know. But I assert with every degree of confidence that when a situation exists such as I have indicated and tried to indicate by general statements something should be done about it. A man is taken into the armed services and given category "A". He served in a theatre of war or as the case may be as the law now stands. He now suffers from a disability which presumably he did not have when he enlisted in the armed services. He was released because of that disability. He is no longer of any service to the nation or to the army. He applies for a pension and is met with a stone wall. They say to him: "Yes; you have this disability." In effect, it is said, "You are not fit for army service. Presumably you are not fit to go out into the markets of the world and sell your services at 100 per cent, because this is a pre-enlistment condition." He is met with that without the slightest evidence in support of that affirmative proposition. I wish to call the minister's attention to that. Judging the matter purely as one of evidence and with as much judicial ability as one can summon, when the commission takes that attitude it does seem to me that it is an impossible position for it to take without supporting testimony. I do not understand that the law goes that far, and in a given case such as I have tried to outline briefly, there must be supporting reasons for the judgment given.

Mr. MACKENZIE (Vancouver Centre): Absolutely.

Mr. HANSON (York-Sunbury): I find it wanting in many cases. That is all I have to say.

Mr. MACKENZIE (Vancouver Centre): Those are the cases I want to see.

Mr. HANSON (York-Sunbury): I shall endeavour to get them for the minister as soon as possible.

Hon. H. A. BRUCE (Parkdale): I should like to express my appreciation of the remarks made by the hon. member for Vancouver North (Mr. Sinclair), in which he traversed ground that I think needed to be gone over, and with which I am in accord. I wish also to express my approval of what the hon. member for Hastings-Peterborough (Mr. White) said on this subject, and incidentally the point which the hon. member for York-Sunbury (Mr. Hanson) made a moment ago is one that needed to be dealt with. I could never understand the position that has been taken heretofore in regard to that matter. I may also say that I am heartily in accord with the wisdom of creating a separate department of veterans' affairs. I know this has been urged by the various veterans' associations and I am glad that the government has now agreed to bring in a bill to set up a separate veterans affairs' department. These veterans have earned our undying gratitude, and it is our simple duty to do everything we can to ensure that when they return they will find that their opportunities for rehabilitation have been well taken care of by those of us who have benefited from their services and who have remained in security at home. Not only that, but I think we should make sure that the dependents of those soldiers are given the most generous treatment that it is possible to give them.

With regard to this bill to establish a Department of Veterans' Affairs I should like to emphasize the importance of a man, before being discharged or demobilized, having a complete medical examination and that the examining board should decide at that time the question of eligibility for pension. This would have the effect of sending men to this department who otherwise might feel, as happened after the last war, that their chances of pension were too slight to be pursued. While this may be true at the moment of discharge it is highly important that a complete medical history be on record in the department, so that if there is a subsequent deterioration in the veteran's health this will form a basis for a later pension claim. I am informed that at the present time many discharged men are not given any definite instructions about their rights with respect to pensions.

Mr. MACKENZIE (Vancouver Centre): That is not correct.

Mr. BRUCE: The minister nods his head. I am glad he agrees with me in that.

Mr. MACKENZIE (Vancouver Centre): No; I am sorry to say I cannot agree with that.

Mr. BRUCE: I was so informed, but I am glad if it is not the case.

The present practice of discharging men while undergoing active hospital treatment is so inhuman that it should be discontinued forthwith. A man should be kept on the strength during the whole of his initial hospital treatment. Of course this will mean that in a few cases men who will spend the rest of their lives in hospitals will be considered members of the active forces until their death. This I believe will have a decided moral value, while entailing very little additional expense.

The setting up of this department will in my judgment ensure that veterans will receive better consideration than has been the case heretofore. At present their interests are divided among a number of departments. This offers too many opportunities for passing the buck. My veteran friends know what that means. By having one minister responsible for all the interests of veterans, which would include directing them to suitable hospitals for medical care, they will undoubtedly receive more consideration than under the present situation.

In passing I may say, since I have not taken advantage of the opportunity to say it before, that I consider the clothing allowance of $65 on discharge to be quite insufficient, and I think this should at least be doubled.

The rehabilitation grant of one month's pay and allowances is also quite inadequate to bridge the gap between discharge and the resumption of civilian employment. This gap is bound to be governed to a great extent by the length of service, since a man who has lived for three or four years under army routine will not adapt himself quickly to civilian life. I do not think the rehabilitation grant should be considered in any sense a reward for service; it should merely be designed to effect, as soon as possible, its avowed purpose of reestablishment.

The provisional routine order No. 1079 which debars men discharged at their own request, or members of the permanent force, from receiving rehabilitation grants, should be washed out, because this class, more than most others, require this grant.

On March 20, the Prime Minister moved two resolutions which had the effect of setting up two separate ministries to replace the present Department of Pensions and National Health. The first of these measures is bill No. 83, which we are considering to-day, to establish a Department of Veterans' Affairs. The bill which will set up the other division, namely, the Department of Social Welfare, has not yet been brought down.

In the process of expanding the Department of Pensions and National Health into two departments, under separate ministries, unfortunately the word "health" disappeared. This, I venture to say, is a mistake. After all, the promotion of good health is the most important function that any social service could render. The Department of Veterans' Affairs will be responsible for care and treatment, and training for reestablishment in civil life as it affects members of the armed forces.

I think it might be well at this time to give the committee the opinion of the Canadian Medical association, which gave careful consideration to this whole matter at its recent 75th annual meeting in Toronto, and which sent to the Prime Minister on May 29 certain observations, of which I have a copy and which, for the information of the house, I should like to read into the record. I should say in passing that this organization represents a great majority of the medical profession in Canada, and has been in close touch with all recent developments in the provision of health services. It has had five of its members sitting on the Canadian medical procurement and assignment board, which was established by order in council in July, 1942.

The Canadian Medical Association desires to make the following observations:

1. Following upon the organization of the Department of Soldier reestablishment in 1919 the present Department of Pensions and National Health was established in 1928, after much discussion and many representations made to the government by groups and individuals concerned not only in problems relating to the care of veterans, but also with the wider conception of a national health policy, in respect of all health matters properly falling within the scope of national jurisdiction.

2. The proposal to set up in Canada for the first time such a department was warmly welcomed throughout the country and regarded as a procedure of national importance.

3. In the present resolutions the provision for a department of health under that name, either alone or in combination with other similar interests, does not appear.

4. If a directorate dealing with national health is to be retained, it would appear that it would be one of several departments within the proposed new Department of Social Welfare.

5. If eventually a plan for health insurance be devised requiring federal assistance and a

degree of federal oversight and guidance it will presumably be administered within the new Department of Social Welfare.

6. Inasmuch as the health of the people depends to a great extent upon the environmental conditions under which they live and work, upon security against fear and want, upon adequate nutrition, and upon their opportunities for exercise and leisure, as well as upon a health service which will ensure that everybody in the country irrespective of means, age, sex or occupation shall have an equal opportunity to benefit from the best and most up-to-date medical and allied services available, the term national health, in its modern implications, appears to be broad enough to include most, if not all of the functions of the proposed Department of Social Welfare.

7. Abundant evidence supports the view that the nation is more conscious than ever before of the importance and scope of developments which are anticipated within the health field, and that it is desirable to emphasize in all reasonable ways the importance of the health programme.

8. For the reasons cited, and having regard only to the best interests of the Canadian people, we would respectfully suggest that the new department for which the name of social welfare is now proposed might well be called the department of national health.

9. As we understand the present proposals, the medical and hospital care of veterans and their dependents as now carried on in the Department of Pensions and National Health would be transferred to the new Department of Veterans' Affairs.

10. A great national plan for health care is being devised, and it may be assumed that when and if it comes into operation a large number of our people, consisting of the veterans who with their dependents, will constitute 12 to 15 per cent of our population, might reasonably expect to have access to these services.

11. Again most respectfully we would urge that in the interests of sound administration, careful consideration be given to placing all government health services in time of peace within one department.

12. In order to concentrate the expenditure for veterans' care within one department, the Department of Veterans Affairs could arrange to purchase the "medical care"—using the term broadly—for this group of people from the department of national health.

13. We believe that if the health services were so organized, there would be a notable conservation of medical and technical personnel and equipment and that there would be provided a finer type of service to this very important group.

14. Summarizing we would most respectfully suggest:

(a) That the title "department of national health" is preferable to "department of social welfare."

(b) That all federal health activities be incorporated in the department of national health, including the health and care of veterans.

All of which is respectfully submitted on behalf of the Canadian medical association.

T. C. Routley,
Secretary.

I should like now to give a brief outline of the qualifications of this association to indicate that their opinions are deserving of respect and careful consideration. May I recall that the primary function of the medical procurement and assignment board was to secure physicians for the armed forces and at the same time to endeavour to preserve adequate medical services for the civilian population. As time went on, it became apparent that the health services of the country as a whole required to be studied, and this involved physicians, dentists, nurses, medical schools, public health, medical research, industry and the community generally. The personnel of the board consisted of three directors of the medical services, army, navy and air force, a representative of the Department of Pensions and National Health, the medical director of national war services and a representative or director of national selective service. There were also the director of the dental service and five members of the Canadian medical association advisory committee to which I referred a moment ago.

The scope of the character of the board's activities was widened to make possible a national survey which was completed in January, 1943. The report which they published about two months ago consists of ten parts and constitutes a fairly valuable compilation of the available civilian man-power, the war medical man-power, medical nurses, public health, hospital personnel and facilities, industrial medicine, nurses, dental services and concludes with certain recommendations. I am mentioning this to indicate the wide knowledge at the disposal of the Canadian Medical association when it made the proposals which I read a moment ago and which, therefore, I venture to suggest deserve careful consideration. Speaking for myself as a surgeon, I am entirely in accord with those proposals and I hope that when the new department is created it will be called the department of national health.

May I point out that at the present moment the social security committee has about completed the consideration of the national health insurance bill which, if enacted into law, will provide an all-inclusive health service for our people. There is no reason why our veterans should be excluded from the benefits which will be provided under that bill. The federal government will be called upon to pay a large sum of money annually to provide these services which will include additional hospital, diagnostic and treatment centres equipped with all modern facilities, as well as skilled specialists in all departments.

From the report which is available to members of the house it is made clear that we have not a sufficient number of these specialists at the present moment to go around and therefore we must conserve our available skill. I ask the minister to consider whether it would not be economically sounder as well as in the best interests of the veterans themselves to do as the Canadian Medical Association has suggested, rather than set up another hospital service for veterans in addition to that existing at the present time.

I should like to refer to the question I raised a week ago following an item in the Montreal *Gazette* in which Doctor Penfield, an internationally known neuro-surgeon, made certain statements which I did not then give but which I propose reading now. This statement made on May 30 appeared in the director's report presented at the annual meeting of the Montreal neurological institute, and it is as follows:

It had been suggested to the Department of Pensions and National Health, Doctor Penfield said, that if the government wished to use the institute as a treatment centre, an annex for the treatment of service patients should be constructed. The plan had been turned down, he added, and the official reason given was "fear of the establishment of an embarrassing precedent."

"It is not for us to question this decision," Dr. Penfield continued, "but four and a half years of the war have now passed, and the Canadian government has done practically nothing to establish special centres for the care of war injuries of the nervous system; nothing at all in Quebec and the maritimes."

"It seems possible that returning service men with wounds of nerves and spine and head may think little of embarrassing precedents, and much of their chance to regain their health."

Dr. Penfield declared that the institute should at once enlarge its bed capacity by rapidly building a permanent addition. This would depend, he said, on securing public support through McGill university, as well as the co-operation of the city of Montreal and the provincial government and from Ottawa "at least" construction priorities.

And again:

"In England there are twelve specialized neurosurgical hospital units in the emergency medical service system, and a head injuries hospital for army and air force in Oxford and other centres for the treatment of nerve injuries. The R.C.A.M.C. has psychiatrists in large numbers to deal with functional disturbances in Canada, but strangely lacks provision to restore organic sufferers."

The Minister of Pensions and National Health (Mr. Mackenzie), in reply to this, described Doctor Penfield's statement as unjustifiable and exceedingly inaccurate. He then stated the number of hospital beds that were available in Canada. I venture to say that in giving the number of beds the minister disregarded entirely the point at issue. These general hospital beds had nothing to do with beds specially arranged or services especially provided for neurological surgery.

I put certain questions on the order paper and I have had some replies which are not sufficiently illuminating, so that I shall have to answer some of them myself.

I asked how many neurological institutes there were in Canada. As far as I know, there is only one surgical institute of that kind in this country, namely, the Montreal neurological institute, which was built largely by money donated by the Rockefeller foundation some years ago in order to provide a place in Canada where Doctor Penfield, an internationally known neuro-surgeon, could operate and carry on certain investigations into various diseases of the nervous system for which the Rockefeller committee considered him to be especially competent.

It is true that we have neuro-surgical work being done in a hospital in Toronto. I hesitate to mention its name. It is Christie street hospital. I may say that the work there is efficiently done by Doctor C. P. McCormick, who is an eminent neuro-surgical specialist. I think they have perhaps fifty beds there, and I am told that they could do with another fifty.

There is also a neurological centre at Vancouver, at Shaughnessy Heights, where Doctor Turnbull, who is also a skilled neuro-surgeon, does the work.

I have mentioned the only three places where this particular class of work, I am informed, is being done in Canada at the present time. I think there should be another centre in Winnipeg so as to make it geographically easy for friends of patients to visit their relatives who are being taken care of in these institutions.

At present a distinguished neuro-surgeon, Brigadier Botterell is in England, in charge of the Canadian hospital at Basingstoke. He comes from Winnipeg and therefore, I think, would be available later on to carry on that work quite efficiently in Winnipeg when a centre is created there.

I also asked how many neuro-surgeons there are in Canada. I think I can answer that question. Besides Doctor Penfield in Montreal, there are Doctor Cone and Doctor Elvidge. In Toronto we have an able neuro-surgeon, Doctor Kenneth Mackenzie in addition to Doctor C. P. McCormick. Then there is Doctor Turnbull in Vancouver and Doctor Botterell in Winnipeg when he returns from overseas. That makes seven. There may be one or two others whom I have neglected to

mention, who have perhaps undertaken this specialty recently. But I think that constitutes the entire number. The number engaged in this specialty is limited because of the limited field for such work, and therefore it is highly important that we make use of the services of these few skilled specialists to the full extent possible for our returned men.

I remember fifty years ago when I studied in London with Sir Victor Horsley, that he was about the only neuro-surgeon in England who was devoting himself to brain surgery. Later on, one of his pupils, Doctor Harvey Cushing, carried on this specialty first at Baltimore and subsequently in Boston, and at that time he was one of the first neuro-surgeons in America. The reason was partly due to the limited field, that no surgeon would care to devote himself exclusively to that work because he would probably not make a living. I mention this to indicate to the members of the house the great importance of using to the full, for the benefit of our returned men who will need them, the services of these men with special skill and the importance of spending anything that is necessary to provide them with easily accessible beds.

When Doctor Penfield offered the department space for an addition to the Montreal neurological institute I think the offer should have been jumped at, but instead it was peremptorily turned down on the specious and totally unwarranted ground that other hospitals would ask for similar concessions. It is obvious that no hospitals in Canada other than those situated in the places I have indicated, close to medical schools where they have a specialist in this department of work, would be likely to ask for a similar concession. But if they did, I would grant them all the money necessary to provide that accommodation.

The committee of consultants of the three armed services, army, navy and air force, together with the Department of Pensions and National Health, began work about a month ago in regard to the establishment of special centres in Canada for the three most essential services—neuro-surgery, orthopaedics and plastic surgery. It was thought that these might be combined with advantage, perhaps with economy. Colonel R. I. Harris, of Toronto, an able surgeon, is chairman of that committee. I understand that Doctor Penfield and his associates, by an addition to the neurological institute, could take care of the work originating in St. Anne's and possibly for Quebec and the maritimes. What a pity that the department did not envisage years ago the kind of cases for whom such centres would be needed so that the buildings would now be completed and ready to receive patients who may be soon arriving. Another year or two must necessarily elapse before these centres can be ready, unless they are proceeded with more rapidly than the Sunnybrook Park hospital in Toronto.

In case any of my recent remarks should be considered prejudiced, I should like to quote from a paper which heretofore has not been unfriendly to this government—the Winnipeg *Free Press*. I believe the hon. member for Winnipeg North Centre (Mr. Knowles) has already referred to certain portions of this editorial. I do not intend to read it all, but there are two or three points which are worth recording. Speaking of the Deer Lodge hospital the writer states:

> It was then urged that if more beds had to be provided they should be in a building placed as near as possible to the Manitoba Medical College, that is to say, near the General hospital which provides the clinical background for all the teaching of medicine in Manitoba.

With that statement I entirely agree.

> The basic reason for this suggestion was that efficiency in the treatment of patients is greatly enhanced by there being available for them as high a concentration as possible of medical and surgical skill and knowledge. Good specialists are not and never will be plentiful. At the present time they are even scarcer than usual, largely because of the stubborn and ill-judged determination of the three defence departments each one to create and maintain their own medical service, with virtually no coordination between them. Hence the need always present and now acute to create new hospital facilities as near to existing key institutions in order to make available over as wide a circle of patients as possible the rare and delicate skills of the specialist.

The editorial goes on to refer to the reply of the minister in regard to the "embarrassment" of which I spoke a moment ago, and continues as follows:

> Mr. Mackenzie proudly cited the large increase in the number of beds in hospitals operated by this department, but typically omitted any mention of what happens to the men who are put into the beds, which is the only point which interests Dr. Penfield. Mr. Mackenzie then had the nerve to remark that Dr. Penfield had displayed a remarkable lack of knowledge of the preparations that were being made to look after the service men. We venture the suggestion that Dr. Penfield knows more about them and of their efficiency than Mr. Mackenzie does and that it was this knowledge which made him speak out as he did. . . .
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> Hospitals, as we have said before, are not mere masses of bricks and mortar. They are concentrations of medical skill and knowledge. If they are not that they are nothing but shells and the patients in them suffer and die accordingly. Elsewhere in his annual report, Dr. Penfield remarked that in the last analysis intimate cooperation in the treatment of disease

depended upon the proximity of pooled specialist skill. We recommend the wisdom of this remark to Mr. Mackenzie and his colleagues in the government.

I do not think I could have written a better editorial myself, and I commend it to the attention of the members of the house.

Mr. KNOWLES: What is the title of the editorial?

Mr. BRUCE: The title is "Stubborn Incompetence". I forgot to mention that.

Mr. MACKENZIE (Vancouver Centre): That is the peroration, is it?

Mr. BRUCE: That is so that it will be identified. The date is June 5.

Mr. CLARENCE GILLIS (Cape Breton South): I listened with a great deal of interest this afternoon to the hon. members who have preceded me in this debate. The thing which struck me about the discussion so far was the non-partisan attitude which most of the hon. members have taken with respect to the measure before the house.

Mr. MACKENZIE (Vancouver Centre): Except the last one.

Mr. GILLIS: I said "most of the hon. members."

Mr. BRUCE: I was entirely non-partisan.

Mr. GILLIS: I view this bill as one which should receive careful consideration by every hon. member in the light of its importance to our rehabilitation plans. As I see it, the subject matter of this bill is the coordination of the different bodies which have been handling veterans' affairs in the past, and it can mean either that we shall have an orderly transition back to civilian life of our service personnel, or chaos in the aftermath of the war. Upon the personnel of this particular department of government will largely depend which of the situations I have mentioned will develop.

On several occasions I have spoken in the house and placed on record the opinions of myself and the members of this group with respect to rehabilitation generally and the mechanics we shall have to employ if we are to achieve the social objectives for which we are fighting the war. In the time at my disposal this afternoon I am going to deal specifically with the bill itself; I shall not enter into all the ramifications of rehabilitation.

First, to my mind the bill is a step in the right direction, in that the government propose by it to concentrate under one department all the problems of the service personnel. I think that makes for more efficient administration and will guarantee to the service personnel the implementation of the regulations as written; because the real test of any legislation—at least that has been my experience—is the administration, as to whether those whom the legislation is designed to help will receive the benefits provided, or otherwise. Now the bill does in my opinion change to some extent matters which in the past have been pretty well fixed. In the hands of the minister, under the terms of the bill, we are placing practically dictatorial powers. He has the privilege under the bill of determining contracts with institutions for the care of persons. He is permitted under section 6 on page 2 of the bill to make regulations, contracts and so forth. I am not quarrelling with that principle, but we shall have to be mindful of this fact. The present minister of pensions, with whose department I have had a great deal to do since becoming a member of the house, is an old soldier to the subject, knows the regulations, and in my experience has been sympathetic, and if at any time a problem is brought to his attention, as soon as he possibly can he sees that any matter complained of is rectified within the scope of the regulations. But when we are setting up a system giving powers to a minister or any other individual we must be mindful of the fact that the competent and efficient minister who now heads the department may not be there in the aftermath of the war.

Mr. MACKENZIE (Vancouver Centre): May I be permitted to spoil my hon. friend's remarks. I intend to move two amendments, one deleting section 6 and the other amending section 7.

Mr. GILLIS: I will drop my criticism of both sections.

Mr. GRAYDON: Don't drop your prophecy.

Mr. ROSS (Souris): What about the compliments?

Mr. GILLIS: I am glad the minister intends to move amendments to these sections. It shows the necessity for amendments in these directions. I hope it will be part of the minister's amendment to change the regulations with respect to employment of staff. That is one of the amendments, so that there is no necessity—

Mr. MACKENZIE (Vancouver Centre): That is the objection mentioned by my hon. friend before, raised by the amalgamated civil servants. Provisions for appointment under the Civil Service Act have been in the statutes since 1919, and objections have been raised to the removing of them.

Mr. GILLIS: I am glad to hear the minister say that. My next objection is with reference to page 3. The section sets out reciprocal or other arrangements with governments. In that section there is complete omission—

Mr. MACKENZIE (Vancouver Centre): Which section?

Mr. GILLIS: I am referring to paragraph (h) on page 3. In that section of the bill no reference to the merchant navy is made; it is completely omitted. It makes provision for the government to deal with governments outside of Canada for services rendered in the army, the navy, or the air force, providing medical benefits, et cetera, but it completely omits any reference to the merchant navy. That particular branch of the service is one which in my opinion has been discriminated against right from the start of the war, while every member who has had cause to refer to them has pointed out that were it not for the services rendered by the merchant navy, with very little glory, without the benefit of uniform, or of the other attractive measures which the other services enjoy, the invasion of Europe to-day would not be possible. I suggest that in this clause the provisions now made for the other branches of the service should be extended to the merchant navy.

Again, at page 4, paragraph (i), which is a carry-over from page 3, there are words which I fail to understand, and I do not think that at this time they have any right to appear in a bill which is being presented to the Canadian House of Commons. Let me read these words:

> . . . for the provision of measures of unemployment relief to former members of such forces and their dependents.

In reading that section of the bill I anticipate, and anyone will who reads it, that under the regulations to be administered by this department of government provision is being made for unemployment relief for members of service personnel fighting at the present time in Italy and in France. I cannot understand why those words should be there. Under the terms of the government's rehabilitation proposals, as contained in many documents, they have set out a programme that looks attractive on paper.

Mr. MACKENZIE (Vancouver Centre): To what line is the hon. member referring?

Mr. GILLIS: The paragraph starts at the bottom of page 3 and carries on to page 4. It is in line six of page 4, starting about the middle. It definitely sets out that provision is being made for the payment of unemployment relief to members of the forces and their dependents. It looks very attractive on paper. It provides for vocational training, out-of-work benefits, hospitalization, pensions, gratuities, and covers everything imaginable. But, as I said before, the test of any programme is its administration, either by design or otherwise, and the thin end of the wedge is being driven in through the provision of this clause for the payment of unemployment relief.

Further on in the section provision is made for the administration and disposal of canteen funds. I do not like to find the other provision so closely related in that paragraph of the bill to the disposal of canteen funds because, as I remember, the canteen committee that sat under the chairmanship of the hon. member for Brantford City (Mr. Macdonald) made recommendations to the house for the disposal of canteen funds, and one thing we very definitely set out in the report—I have a copy of it here but I will not take up the time of the house reading it—is that we disagreed completely with the principle of using canteen funds for the purpose of paying unemployment relief to any member of the services serving in the present war. The funds should not be used in any way, shape or form to enable the government to shirk its responsibility to the service personnel fighting in this war. If I am wrong in my supposition with respect to the wording of the bill I hope that when the minister speaks he will clarify it.

Mr. MACKENZIE (Vancouver Centre): It is the same as the last time exactly, except as to the canteen funds.

Mr. GILLIS: Is it? A member is at a disadvantage in discussing this bill because the minister did not open the debate with a statement. I think that the minister should have made a statement before any debate took place. The hon. member for Vancouver North gave a very good analysis of the department of veterans' affairs. He mentioned several principles that should be kept in mind, in my opinion. When the department of veterans' affairs is set up I hope that the government will not completely uproot all of the personnel now handling war veterans' allowances, the Pensions Act, national health problems, the treatment branch of pensions and national health, and so on. It may be the desire, for reasons other than efficiency, of people who I have heard discuss the problem to lead the returning personnel to believe that all jobs connected with the department of veterans' affairs are to be reserved for and allocated to personnel serving in this war. Yet I feel that while they are entitled to representation on every board that has to do with the handling of their problems, so that the point of view of men serving in this war may be understood, there are hundreds of service personnel from the last war, men who have already fought a war and won it for this country regardless of the fact that someone stole the peace, who are now serving on boards administering the different measures that I have indicated. They

are efficient; they know the problems, and they know the machinery. I hope it is not the intention of the government to weed out the people now serving in that capacity, because it would be a mistake to head up this department with brand new men and to lose the experience of men who have sat in, studied and administered these problems for the last twenty years. It may be that they have not administered them as we should have liked; nevertheless they have done a good administrative job within the scope of the regulations.

In dealing with the department my experience has been that the administration has not been wrong but that the regulations require expanding and correcting in many respects. I believe there is now more scope and latitude being given and we should be very careful not to throw out the hundreds of men who are now employed in those capacities and who are at an age where they cannot go out and compete in the labour market. In our rush to try to promise jobs to everyone coming back from this war let us not forget the old soldier and the contribution he has made, both in the last war and in the subsequent period of peace. I think there is growing up in Canada a tendency to disregard completely the obligation that the country owes to the old soldier who has already made his contribution.

I listened with interest to the remarks this afternoon of the hon. member for Battle River (Mr. Fair). I wish to join with him in the plea that he made to the government on behalf of the soldier settlers of the last war who are now appealing to the government for the wiping off of the financial obligation that they still have against their lands. I think that should be done. It was a distressing and depressing situation to find in Ottawa a few weeks ago a group of veterans from Saskatchewan and Alberta who pointed out that since the outbreak of this war some six hundred odd veterans a year have been dispossessed of the land on which they were placed after the last war.

As some encouragement to those coming back at this time, whom we expect to place on the land under a scheme similar to that of the last war, attention should be paid to the agitation that is being carried on across the country by veterans of the last war with respect to the obligations still standing against their homes and farms, and the request that those obligations should be cancelled. I think we all are more or less in agreement on that.

The machinery that is to be set up in this new department to administer its activities will be very important. One of the most important parts of it will be the welfare department work in conjunction with the selective service and unemployment insurance offices. I think they are totally understaffed at the present time, and the machinery is completely inadequate. I do not care how efficient the Ottawa machine is or who the personnel is, because we must remember that the soldier is not going to be settled in Ottawa when he comes back. He is going to be settled back in his own community; and if an efficient staff is to be appointed then we must have men who are sensible and who understand the regulations and the problems of the soldiers back in the communities. These are the men with whom the soldiers will have first contact, and they are the ones who are going to sell them the whole reconstruction programme of the government. If the minister intends to carry out the programme that has been outlined he should lose no time in establishing a welfare officer in each of the different communities. This should be done now, not after the war is over when we have wholesale demobilization. That welfare officer should be back talking to the boys when they come home. He should have some contact with national defence. He should be endeavouring to get from national defence and the different military districts a precis of the file of each soldier in the service from his community and should endeavour to determine the soldier's employment possibilities, what training he has received in the army, and how he can be routed into the economy of the province. Those files should be ready before general demobilization takes place. Then when the men start coming back they will meet someone who is efficient, who has contact with industry and is in a position to guide the men into vocational training and to disability pensions, if that is necessary, and to route them to some employment in the community. Unless that is done I certainly fear the results of demobilization as affecting my own particular section.

On motion of Mr. Gillis the debate was adjourned.

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

Thursday, June 15, 1944

The house met at three o'clock.

EXCHANGES OF NOTES

CANADA-NEWFOUNDLAND—LANDING OF SALT AND FISH FOR TEMPORARY STORAGE

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I wish to table an exchange of notes between Canada and Newfoundland recording permission for

Canadian fishing vessels to land salt and fish in Newfoundland for temporary storage in bond during the calendar year 1944, dated respectively at St. John's, May 1, 6 and 15, 1944. Treaty series 1944, No. 14.

CANADA-BRAZIL—CULTURAL RELATIONS

Right Hon. W. L. MACKENZIE KING (Prime Minister): On June 5 the leader of the opposition asked me a question with regard to an announcement that had been made with respect to the exchange of notes between Brazil and Canada on cultural relations. I now beg to table an exchange of notes between Canada and Brazil constituting an agreement for the promotion of cultural relations between the two countries, dated at Rio de Janeiro, May 24, 1944. Treaty series 1944, No. 15.

CANADIAN WHEAT BOARD

REFERENCE TO AGRICULTURE COMMITTEE OF REPORT FOR CROP YEAR 1942-43

Hon. J. A. MacKINNON (Minister of Trade and Commerce) moved:

That the report of the Canadian wheat board for the crop year 1942-43 be referred to the standing committee on agriculture and colonization.

Motion agreed to.

CRIMINAL CODE

AMENDMENTS—THEFT FROM POST OFFICE—FRAUD IN SALES OF MILITARY STORES—APPEALS FROM SUMMARY CONVICTIONS IN QUEBEC

Hon. L. S. ST. LAURENT (Minister of Justice) moved for leave to introduce bill No. 139, to amend the Criminal Code.

He said: The purpose of this bill is to provide three amendments to the Criminal Code. The first is to do away with the provision under which the minimum sentence for theft of an article from a post office is three years' imprisonment. We are taking out the minimum because it has been found by experience that in a great many cases it is difficult to get a conviction when the conviction would necessarily entail a minimum penalty of three years.

The second is to increase the maximum penalties provided for defrauding the government in sales to the government of miltary stores. The maximum penalty was two years imprisonment or a fine of $5,000. It is proposed to increase that maximum to three years and a maximum fine of $50,000. The third is to substitute the Superior Court of Quebec for the Court of King's Bench for the hearing of appeals from summary convictions. The Court of King's Bench is the court which hears criminal cases with a jury. The sittings of that court in the rural districts are quite infrequent, sometimes more than a year elapsing between one sitting and the next, but the Court of King's Bench is presided over by the same judge who presides over the superior court, which is the high court of original jurisdiction. The amendment would substitute the superior court for the Court of King's Bench so that appeals from summary convictions would be more speedily disposed of. It has been found in some cases that when appeals were taken from summary convictions, the appeal was abandoned when the court sat many months after the appeal was entered. This amendment will be in the interests of the expeditious administration of justice, because appeals may be heard at the ordinary term of the high court in each rural district.

Mr. CHURCH: Mr. Speaker, when a similar amending bill was before the house last year the minister said he would consider suggestions from the bar and chief constables' associations and my own proposals to curb highway motor accidents—

Some hon. MEMBERS: Order.

Mr. CHURCH: —and other matters of criminal negligence.

Mr. SPEAKER. Order. Leave is being asked by the Minister of Justice to introduce this bill. Does the hon. member wish to speak to it?

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

BOARD OF PHYSICAL FITNESS

Mr. CHURCH:

1. Who are the members of the board of physical fitness to administer the act herein of 1943, by provinces or otherwise, and what provinces are now under it?
2. Who are the chief officers and what are their qualifications, salaries, living allowances, travelling expenses and all other emoluments?
3. Are any of them returned soldiers of this or the last war and in what theatres of war did they actually serve?
4. Why are not these positions reserved exclusively for those who were overseas in a combatant area?
5. Who selected them, how were they appointed and what are their duties?

Mr. MACKENZIE (Vancouver Centre):

1. Members of the national council on physical fitness: W. A. Wellband, Regina, Sask.; A. A. Burridge, Hamilton, Ont.; Dr. J. Gilbert, Quebec, Que.; J. Mathison, Vancouver, B.C.; J. H. Ross, Calgary, Alta.; Dr.

W. C. Ross, Halifax, N.S.; M. Brewer, Fredericton, N.B.; R. W. Youmans, Winnipeg, Man.; Major I. Eisenhardt, Ottawa, Ont.

Agreements under the National Physical Fitness Act have been signed by authorities of the following provinces: British Columbia, Alberta, Saskatchewan, Nova Scotia, Prince Edward Island.

2 and 3. Of the members of the national council on physical fitness, Mr. W. A. Wellband had service in France and Dr. W. C. Ross had service in England during the great war. They receive travelling expenses while attending meetings at Ottawa.

Of full-time paid officers, there is only one. Major Ian Eisenhardt, army sports officer, has been seconded from the Department of National Defence to the Department of Pensions and National Health as national director of physical fitness, effective June 1, 1944.

Major Eisenhardt is a graduate of universities of Rennes, France and Copenhagen, Denmark. The field of physical education has been his life's study and work. From 1932 to 1935, he was supervisor of playgrounds for the city of Vancouver; from 1934 to 1940, he was director of physical education for the province of British Columbia; from 1940, he has served as an infantry officer and, during the last year, was given the responsibility of developing an army sports programme for the Canadian soldier, a programme which has been accepted by army authorities. His salary is $5,000 per year, and he is allowed actual expenses while travelling on duty.

4. It was in the public interest to make an immediate appointment and Major Eisenhardt was selected from a group engaged in the field of sports, games and recreation, as the person whose training and experience, together with his actual achievements, qualified him best for the post.

5. Appointment: by order in council on the recommendation of the Minister of Pensions and National Health; duties: to develop a national physical fitness programme in conjunction with the provinces, which will eventually improve the general state of health of all Canadians.

UNEMPLOYMENT INSURANCE

Mr. COTE:

1. How many district offices has the unemployment insurance commission throughout the country?

2. At what date was each of the said offices opened?

3. What is the name and address of the officer in charge of each of said offices?

4. How many insured persons are comprised in each of the territories served by the said offices?

5. What was the total amount of insurance benefits paid through each of the said offices during the year ending December 31, 1943?

Mr. MARTIN:

1. Nine.

2. January, 1942.

3. Moncton—M. L. O'Gorman, Dominion Public Bldg.

Montreal—A. J. Bouthillier, 420 Lagauchetier St.

Toronto—W. I. Hetherington, 174 Spadina Ave.

London—H. L. Turner, Bell Bldg.

North Bay—W. J. Russell, Masonic Temple.

Winnipeg—C. B. Howden, Old Customs Bldg.

Saskatoon—M. R. McKellar, 701 Avenue Bldg.

Edmonton—H. H. Valens, 10042-109th St.

Vancouver—E. W. Thomas, 475 Howe St.

4.

Moncton	180,729
Montreal	742,254
Toronto	659,447
London	199,502
North Bay	58,473
Winnipeg	154,774
Saskatoon	59,277
Edmonton	104,651
Vancouver	220,358
	2,379,465

5.

Moncton	$ 88,604 62
Montreal	401,709 22
Toronto	99,799 76
London	17,457 93
North Bay	9,476 45
Winnipeg	118,390 29
Saskatoon	48,037 62
Edmonton	69,165 31
Vancouver	76,578 13
	$929,219 33

MUNITIONS AND SUPPLY—FIREWOOD—CHARLES CANTIN, QUEBEC CITY

Mr. LaCROIX (Quebec-Montmorency):

How many cords of firewood were delivered to the Department of Munitions and Supply by Mr. Charles Cantin, of Quebec city, pursuant to call for tender dated April 13, 1942, No. Q-22-4-793, firewood, Valcartier camp?

Mr. CHEVRIER: Contract with Mr. Charles Cantin, Quebec city, Q22-4-793/C.D.F. 167/F.E. 0012, serial 8-253442, for Valcartier camp. May 9, 1942—Delievered—443 cords hardwood, dry, 24" length; 2,057 cords hardwood, dry, 12" length.

WAR LABOUR BOARDS

Mr. COTE:

1. How many petitions have been filed by employers and by workers with the national war labour board and also with the regional boards during the year ending December 31, 1943?
2. By whom were these petitions made?
3. How many workers were involved in these petitions?
4. If these petitions are subject to classification, what is their number in each category and what is the number of workers covered in each category?

Mr. MARTIN:

Fiscal year: April 1, 1943-March 31, 1944*

1 and 2.

	Submitted jointly	By employees	By employers	Total
National Board	172	155	712	1,039
Regional Boards				
P.E.I.	1	1	277	279
Nova Scotia	32	83	987	1,102
New Brunswick	25	36	854	915
Quebec	392	420	5,030	5,842
Ontario	363	245	8,064	8,672
Manitoba	2,059	23	5	2,087
Saskatchewan	4	5	2,120	2,129
Alberta	120	113	1,324	1,557
British Columbia	577	312	4,560	5,449
	3,745	1,393	23,933	29,071

3. Employees involved—2,299,477.
By national board's decisions—494,341.
By regional board's decisions—1,805,136.

*(Information is not available by calendar year ending December 31, 1943. Records are kept by fiscal year only.)

4. Types of applications:

	No. of applications	Employees involved
To pay or increase payment of cost-of-living bonus	1,274	174,176
To exempt or decrease cost-of-living bonus, and to decrease wages	39	2,091
To pay war risk bonus	12	1,064
To increase wages	18,803	576,956
To establish new classifications and rates	3,572	74,575
To establish wage incentive plans	257	22,092
To establish group insurance plans	1,370	398,921
Miscellaneous cases	3,744	1,049,602
	29,071	2,299,477

[Mr. Chevrier.]

QUESTIONS PASSED AS ORDERS FOR RETURNS

HON. MICHAEL DWYER

Mr. O'BRIEN:

1. Is Honourable Michael Dwyer of New Glasgow, N.S., employed by the government or any board of the government, with headquarters at Moncton, N.B., or elsewhere?
2. If so, when was he employed?
3. What are his duties?
4. What sum is paid him per month and to date for salary, expenses and office equipment and help?

CANADIAN FORCES—OFFICERS—DAILY PAY RATES

Mr. HAZEN:

1. What are the basic or regimental daily rates of pay for the following officers of the armed forces: (a) navy—captain, commander, lieutenant-commander, lieutenant, sub-lieutenant, executive, engineer, accountant and medical branches; (b) army—colonel, lieutenant-colonel, major, captain, lieutenant, medical and other than medical branches; (c) air force—group captain, wing commander, squadron leader, flight lieutenant, flying officer, general list, non-flying list and medical branch?
2. What daily rates of staff pay are paid to the officers of the armed forces listed above, (a) in addition to basic or regimental daily pay; and (b) as an alternative to basic or regimental daily pay?
3. What daily rates of headquarters pay are paid to the officers of the armed forces listed above; what percentage of the officers of the armed forces (individual) receive such pay; is such pay paid in addition to basic, staff or regimental pay?
4. (a) What is total daily pay rate, including all allowances other than dependents' allowance, subsistence and living allowances, of the officers of the armed forces listed above, who are serving at National Defence headquarters, Ottawa; (b) if different rates are in force for some or all ranks, what percentage do the officers receiving the different rates bear to the total number of officers of the same rank?

GASOLINE—METHOD OF PURCHASE

Mr. HOBLITZELL:

1. Does the government call for tenders in purchasing motor gasoline?
2. Does the government call for tenders in purchasing aviation gasoline?
3. If not, what method is employed, and what is the reason for not inviting tenders?

VETERANS' AFFAIRS

ESTABLISHMENT OF DEPARTMENT TO DEAL WITH THE CARE, TREATMENT, TRAINING OR RE-ESTABLISHMENT OF MEMBERS OF THE ARMED FORCES

The house resumed from Wednesday, June 14, consideration of the motion of Mr. Mackenzie King for the second reading of bill No. 83, to establish a department of veterans' affairs.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, when the house adjourned last evening I was discussing the mechanics of the organization which this bill proposes to set up. I was endeavouring to point out to the minister the importance of the organization in the welfare offices in communities which were recommended by the pensions committee some considerable time ago. I had emphasized the fact that while we may have an efficient organization in Ottawa, it is not in Ottawa that the returning service personnel are going to demobilize, but back in the home communities. The machinery for dealing with this matter through the welfare offices is in my opinion entirely inadequate. Across Canada to-day there is one such office in Prince Edward Island, one in Nova Scotia, one in New Brunswick; there are two in Quebec, four in Ontario, two in Saskatchewan, two in Alberta and two in British Columbia. The most important machinery at the time when demobilization takes place will be these welfare offices. Returning service personnel being discharged to-day and going back to their home communities know very little about the programme of rehabilitation which the government has set out on paper, and unless there are efficiently staffed offices in their local communities it will be quite a problem for them to find out what their rights are under the demobilization and rehabilitation regulations. In Nova Scotia, for example, as I have already pointed out on many occasions here, while the office has a very capable person in charge, it is completely inadequate for the routing of returning service personnel into vocational training or securing for them the employment preferences which exist under the regulations. That office is located in the city of Halifax, at the extreme western end of the province. The largest percentage of service personnel from that province will be returning I think to the other end of Nova Scotia. I have endeavoured to impress upon the minister on one or two occasions the difference between that end of Nova Scotia and most of the rest of Canada, in that there is a complete heavy industry set-up there. A man returning from the service with any kind of disability, even if it be only five or ten per cent, is completely unemployable; there is nothing for him. Only this morning I received a protest from the Army and Navy Veterans of the town of Glace Bay, and I have had letter after letter from returning service personnel to the effect that when they seek employment and go to unemployment insurance and selective service offices they are routed into the regular channel of the unemployed, and unless they are physically capable of taking employment underground or in a steel plant there are no openings for them. On many occasions I have referred to the necessity of the appointment of a welfare officer at the Sydney unemployment insurance office. The appointment has been vacant for the past two years. A year ago the Minister of Pensions and National Health (Mr. Mackenzie) assured me in this chamber that the appointment was to be made immediately, and I felt very happy at this announcement.

Mr. MACKENZIE (Vancouver Centre): All these appointments are made by the civil service commission.

Mr. GILLIS: That is correct, and I am just coming to that. I believe the minister was quite honest in making that statement, and that so far as he was concerned the appointment would have been made; but while several persons who I feel are qualified in every way have made application—and it is immaterial to me which one gets the appointment; my concern is to have someone there actually doing the work—the civil service commission, I understand, take the position that they are having difficulty in securing a suitable person in that area. In my opinion that statement does not hold water, because a year ago I recommended someone who was qualified in every way and who at that time was prepared to go in and try to do the job. To-day, of course, he would not take the position. I am afraid, and I want to leave this thought with the minister, that in the filling of these positions it is not a matter of making a selection based on merit, but local patronage committees are interfering and retarding the machinery which the minister desires to set up. I have reason to believe that that is correct so far as the area I am discussing is concerned.

Mr. MACKENZIE (Vancouver Centre): Does my hon. friend suggest that local patronage committees have any influence with the civil service commission?

Mr. GILLIS: Yes, I certainly suggest that; because, as I pointed out to the minister a moment ago, the plea that it is not possible to secure a suitable person in that area is not well founded. The person to whom I referred, who applied a year ago was, I know, qualified in every way, but he was never given the opportunity of an examination. If there is no local interference, something is wrong in Ottawa with the civil service commission, and it should be rectified and this machinery set up now. While only yesterday I stated that all these appointments should be made on the basis of merit and under the Civil Service Act,

the civil service commission will have to see to it that there is no interference with the application of the act.

The most important function of the new Department of Veterans' Affairs is to be the organization of these welfare offices back in the communities. Service personnel now coming back from this war are not being interested in this vocational training programme, because there is no one to sell it to them; there is no one back in their communities to whom they can go who can point out the advantages which they can obtain from it if they utilize it to prepare themselves for employment in the future. I think the minister should endeavour as far as possible to set up welfare offices in every section of the country, so that the official who has the first approach to the soldier in the field of employment shall have had sufficient training to enable him to sell this programme of rehabilitation with particular reference to vocational training. It is only in this way that the programme which the government has mapped out will be implemented.

I also emphasize the necessity of vocational training facilities. In the province from which I come there are no such facilities adequate to handle the post-war problem if we are going to be realistic about it. Almost the only facility in Nova Scotia is the technical college in Halifax, expanded very little beyond its peace time basis. There was a training centre located at New Glasgow connected with the Clark Ruse Aircraft plant, but since that plant has been closed the school, too, has ceased to operate. It should be immediately taken over by the Department of Veterans' Affairs and made available to returning service personnel of our province for vocational training purposes. When you approach the average ex-service man to-day and suggest that he take vocational training, the first question he puts to you is, "Well, I am paid about $14 a week; I am obliged to go to Moncton, to Montreal or some other distant place in order to take vocational training, and with the amount of money which I am paid it is not possible for me to maintain myself in some other province during the process of vocational training." If there were an establishment in the centre of the province it is possible that more returning service personnel would take advantage of the vocational training.

The same consideration applies in the matter of routing men back to jobs. While under bill No. 5, which I hope will be administered by this new department—it is now, I believe, handled by the Department of Labour—a man has a right to the job he held prior to his enlistment, if a man in our province is leaving the army to-day, it is because he is physically unfit, and that being so, he is also physically unfit for the job he had prior to enlistment, because, as I stated before, ours is a heavy industry section and there is no light work. When application is made to the selective service offices for employment, the selective service or unemployment insurance officials have no authority to implement the rehabilitation regulations as applicable to ex-service men. One man came to me and told me that when he suggested that something might be done for him by way of lighter employment than shovelling coal underground, the selective service official in Glace Bay remarked to him, "Well, if you can turn that discharge certificate into a light job, that is the thing for you to do." That is not selling the programme of the government; and while you have a programme on paper, unless you also have the machinery to give effect to it there is absolutely no use in having it.

In the matter of hospitalization, pensions, et cetera, I am pleased that the minister has taken the necessary steps down in my end of the country to establish a suboffice. I hope that is not just a hope also. I am hoping that in the near future the personnel will be selected and the machinery put into operation. But I want to leave this thought with the minister. In my opinion, across Canada to-day, hospital facilities provided by the Department of Veterans' Affairs will be totally inadequate to meet the post-war problems, and I suggest that an expansion of hospital facilities will be necessary. The second thought I want to leave with the minister is that we do not repeat the performances of the last twenty years in the staffing of pensions and national health hospitals, putting them under the guidance of part-time medical officers, where the medical officer strolls in at eleven o'clock in the morning. He has his tea and he is in a rush to get out, and he has a line-up on the bench for a couple of hours waiting for him, so that it sometimes takes two or three weeks before the medical officer can discuss the case of a patient who is waiting for him.

I think the job of the pensions and national health hospitals across the country is to make a complete examination of the patient, and it is the obligation and responsibility of the staff of the hospital, including the medical representatives, to see to it that the best treatment is provided and that every means at their disposal be utilized in order to get the man well and in a position to go out and take his place in the economy of the country. But that cannot be done with part-time rep-

resentatives. That was one of the evils of the hospital set-up, as I saw it, after the last war and in the period between the two wars. I know that at the present time with so many of our doctors out of the country that may not be possible. On the other hand, there may be many doctors under national defence who have not very much to do and could be utilized in these hospitals until such time as a regular organization is provided.

Mr. MACKENZIE (Vancouver Centre): We are doing that.

Mr. GILLIS: I am glad to hear it.

I have no intention of discussing all the ramifications of the rehabilitation programme at this time. I merely wish to stress the importance of the welfare organization as it applies to the whole demobilization period and to suggest to the minister not to pin too much faith on the voluntary committees that have been set up across the country We have had a good deal of experience with voluntary committees. They have nice honorary jobs and they get their names in the papers occasionally, but they have not the facilities to do the job which is necessary in guiding and routing ex-servicemen back to gainful employment after the war is over. In some sections of the country the voluntary committees do a good job with such machinery as they have to work with, but in Nova Scotia, to the best of my knowledge, these committees have not even made a start on getting into contact with industry and accepting the responsibility for guiding the service man back to gainful employment. The thing we have to do now in every section wherever possible is to have a competent man in an office preparing files, getting in contact with national defence, securing relevant data on every service man in the country who will be returning to that particular area, and selling the vocational training programme, advising them on their rights under the whole scheme. Unless that is done, I see a good many headaches in store for the personnel who may be handling the national administration of the programme.

Mr. T. L. CHURCH (Broadview): From the district which I represent over fifty thousand volunteers took part in the last war, and therefore I want to say something with reference to the new consolidated board to be appointed by the government to handle the problem of the returned soldiers of this war and to suggest a cure for a great many of the defects that have existed in the various pension acts since the last war.

At last, after twenty years, we are apparently taking a forward step in the way of a national policy and a consolidated department to look after veterans' affairs, something long overdue. Between the two wars we had five or six separate departments handling the various phases of the work. I do not wish to offer any criticism of those who have to do with one of the most important offices of government, under the head of this particular department. They have done good work, but red tape and technical small decisions have defeated the purpose of the act.

One of the reasons why I came to Ottawa in the first place in 1921, after the close of the last war, was the fact that callous indifference had been exhibited by all the authorities towards those who had fought the battles of the country in many wars and thus had saved it. But it was the same in the South African war and in the Red River rebellion of 1885. The veterans who in 1885 marched across the territory of lake Superior in the rebellion of that year did not get what they should have been given, or anything since. The same is true of those who took part in the Fenian raid. Grants of land were no doubt given them, but the lands were so far from the scene that they were practically valueless.

I am glad to note that the discussion on this subject is non-partisan, and I hope it will continue on that level. No doubt a forward step has been taken on the basis of service, in that the onus of proof will rest on the government. Every soldier who went overseas should per se be entitled to qualify for a pension. No means test should be applied, and what is given should include full compensation for the services he has rendered so as to enable him to take care of his family and put them back where they were before the war started.

Many of the very same points that were dealt with yesterday by the hon. member for Vancouver North (Mr. Sinclair) were brought up and discussed by myself in the debate that took place on soldiers' reestablishment and pensions when I first entered this house in a debate on June 21, 1922. Some nine or ten of the questions referred to yesterday, which are still unsolved in this country, and which have been raised in various applications that have been made with respect to proof of claim, callous indifference to soldier families, and so on, were brought up by me at that time. The work that has been done speaks for itself. We all know that but for the soldiers who are serving in this war we would have had the awful horrors of war perpetrated right on our own soil and we would not have been able to restore the country. Indeed, all the money that has been

spent on the soldiers is only pin money compared to the money spent on material things, the building of railways, public works and many other things of that description. In the great war these men went away voluntarily. A million men went voluntarily from the dominions overseas and 130,000 died on the field of battle in the common cause and changed the whole history of the world.

While we have had a pension act, there have been many defects in it and proper treatment has not been given either the soldiers or their dependents. I wish to refer to one or two matters which are not covered here. First of all, the housing situation; what is to be done regarding housing for returned soldiers? In the city from which I come there are only ·62 vacant houses, less than one per cent. I go around the city of Toronto; I visit the homes. I find soldiers and their families living in cellars that are not fit for human habitation, according to some of our local soldier authorities.

Let me mention one of the first things to be done by the government in conection with this veterans' department—and by the way, that is mysterious wording—veterans—to give to a department that will have to do with boys just out of high school. In the city from which I come, 896 boys who came from the secondary schools have been killed overseas. They are not veterans. Some of them had cadet training in the schools. In that connection may I say that the cadet services throughout the country have done magnificent work in the three branches. I suggest that the cadets in the high schools associated with the navy, the army and the air force be given a dollar a day, three days a week while they are training as cadets for this war.

I would rather see this department called the Soldiers' Aid Department than Department of Veterans' Affairs. When the hon. member for Vancouver North (Mr. Sinclair) was speaking yesterday he referred to an industry in my constituency, Lever Brothers, that great British company. They have put out a very fine red book. They see all the soldiers' off. They are willing to take them back at their old jobs and give them a better job. They send them parcels, cigarettes and supplies, and they do a great deal in looking after the women and children while the men are overseas. They have carried on most glorious work in that connection. The president of the company is Mr. Nairn, a patriotic worker and great citizen. The hon. member for Vancouver North also visited this industry. The president told me and yesterday the hon. member also said, that they have some difficulty in connection with this work in getting a complete record of the soldiers' services, et cetera. It is true that they have their attestation papers, the unit to which they belong and all that kind of thing; but there is no record of the soldier during the time he is away from the industry. I have pleaded with the government for over twenty years to reorganize the records office from top to bottom. I have referred to this on many occasions.

In connection with the victory loans, income tax collections and other matters they have a proper record. The victory loan headquarters can tell within twenty-four hours after the closing of a day's campaign how much was subscribed by a particular village, town or city. Our records office is very largely a relic of the South African war. We have made, so far as I can see, no progress. We cannot tell how many soldiers enlisted from any particular municipality, town or city. Our industrial employers are not interested in many of the small details. They are not interested in primary matters, in finding out something about the work of the soldier while he is away. That was referred to yesterday by the hon. member for Vancouver North. I have in mind a young boy in Lever Brothers who wrapped soap and who was given a decoration at the front, and has risen to the rank of captain. On his return he should not have to go back to the job he had before he enlisted. His company want to use his services, perhaps, in an executive capacity, not at his old job, because with training he would go from the bottom to the top of any industry if he had a chance. They will give him a chance yet. The industries are not giving the protection that they should. In that connection I should like to refer to the various local boards, women's organizations, welfare boards and others who are doing so much for the soldiers in the different municipalities. They have helped every war effort. In addition to that, our clergy of every denomination in Canada have done magnificent work in this war.

So far as the $65 clothing allowance is concerned it is utterly ridiculous. I see some of the veterans coming back from the front going around in winter clothing, because they cannot afford to buy a proper suit of clothes. Some of these men have been overseas for over three and a half years. This is the seventy-fourth day of the session. Surely the government can come to some decision. If it is a matter of money, what does money amount to when compared with seeing that these young people, many of whom have

borne the heat and burden of the war and some of whom—those not yet home—will be over there the sixth Christmas next Christmas, are properly clothed when they do come home. I do not like to see them on the streets in the civilian clothes they are wearing; and it is a bad advertisement, and unjust and unfair for the country, the way those soldiers are also housed. I do hope that something will be done along that line.

Ever since the outbreak of the war I have had on the order paper a resolution relating to the protection and treatment of the returned soldiers as follows:

That, in the opinion of this house, the government should immediately consider the advisability and urgent necessity of adopting improved measures for the better protection of all soldiers who serve in His Majesty's forces, and more particularly—(a) that a system of life insurance on all soldiers be established, to include provision for their dependents, both during and after the war, and to include, for three years after the war, provision for their insurance against unemployment and want, and free hospitalization; (b) that a daily allowance be made for local car fare and for free fares on Canada's railways, under the Railway Act (R.S.C.); (c) provision for a revision and improvement in rates of pay, subsistence and other allowances of all ranks, especially privates and non-commissioned officers and removal of existing inequality between all ranks; (d) a high-cost-of-living bonus to be paid to all dependents of soldiers, adjusted from time to time and to include better allowances for their children; (e) provision for a moratorium from foreclosures, eviction and certain other immunities from debt while absent on war duties, and for six months after the war, and more adequate and improved housing for themselves and their families at low cost; (f) a better and more adequate and quicker system of paying the dependents of those reported missing.

I also brought to the attention of the house, first, a national policy of soldiers' insurance the month this war broke out, and the need of a Sparkman act adapted to Canada's circumstances. I immediately sent copies of this United States act to the three ministers of the forces and the finance minister, and frequently dealt with it here. First, some of it was adopted in the last war insurance measure. After Pearl Harbor I still advocated it here, and others have also done so since. I was glad to see that at the last session of the Ontario legislature two bills were passed along this line, one providing financial protection for members of the armed forces and the other providing protection for life insurance policies of those members who are insured. I am glad to see that some progress has been made in that connection.

With regard to transportation, I shall read a return made to an order of the house, on my motion, in that connection, as follows:

Department of National Defence—Army

The total yearly (not monthly) payments made to Canadian Pacific Railway Company and Canadian National Railways for the transportation of His Majesty's forces for the calendar years 1941, 1942 and 1943.

The information is as follows:—

	Canadian National Railways	Canadian Pacific Rly. Co.
1941	$ 6,286,115 32	$ 6,687,317 45
1942	9,328,845 47	7,509,741 59
1943	11,450,816 25	9,920,643 54
	$27,065,777 04	$24,117,702 58

The above figures comprise navy and army payments for the full period and R.C.A.F. payments for calendar year 1941. It is understood R.C.A.F. have reported separately for the calendar years 1942 and 1943.

Department of National Defence for Air

	1941	1942	1943
Canadian National	To be included in army returns	$5,613,151 89	$8,359,765 27
Canadian Pacific Railway	To be included in army returns	4,914,713 41	7,064,854 26

Surely, if all this money has been made, more in one year than in the whole four and half years before the war, the railways can afford to give some measure of relief to the soldiers by way of cheaper fares and better transportation all along the line than they are now doing.

With regard to this bill, the proposed veterans' affairs act, I may say that we should adopt more human rights regarding this particular problem and that bonuses, subventions and subsidies should be given all along the line to soldiers and their dependents. I hope the Industrial Development bank will do

something in this connection. Civil aviation, if properly utilized, will become one of the most important agencies for providing employment. I doubt whether we are going to get the benefit we should from the policy of the government. With regard to jobs, I believe the soldiers' children should be put back in the position they were in before the war. Why should the soldiers' children be penalized because the father has enlisted and gone to the war? Why should there not be a provision in the rehabilitation programme which would give an opportunity to these young people, the children of soldiers, to go to the high schools and complete the courses that the soldier father intended for them before the war?

Three years ago a return was made to an order of the house in my name showing a survey of hospital accommodation in Canada. It showed that there was not enough hospital accommodation to provide for the condition of affairs that existed three years ago. What is to be done with the heavy casualties that are occurring in Italy and other theatres of war? In the city from which I come it is hard for a civilian to get into hospital. It is true that the present minister has made some start in acquiring the east general hospital, but there will be ten or twelve times the hospital accommodation needed in that city before many days pass. I do hope that some more active proceeding on Sunnybrook will be taken regarding matters such as these.

There are some other matters which are covered by the proposed act. For some twenty years a great many deserving people have not been able to get the help they required. I agree with the policy that in making appointments to this department those who have seen overseas service during this war should receive the preference. It is true that there are in the present department a great many experienced men of other wars who should not be set aside, but as far as possible these positions should be given to returned soldiers.

I wonder if I could have the attention of the minister for a moment; after all, this is not the banking and commerce committee, and dear knows it is nearly time that committee made a report. I can wait, if necessary, but after all we are discussing perhaps the most important problem this government has to face at the present time. I have a case here of a veteran who was a forty per cent disability after the last war. I saw perhaps 350 people at his funeral, veterans of the last war and post office employees. He had two sons, one seventeen who has enlisted in the navy already, and the other a younger boy who has joined a cadet corps. His widow is very nearly helpless, but she will be turned out on the street unless something is done for her. Yet when a matter of this kind is referred to the department nothing but callous indifference is shown. I am not going to give the name, but this man's number was 348266. His policy number was 8888. I am going to send this letter to the minister for his attention. I am sorry to interrupt him; he is courteous, but I would like the minister to look into this case, because he has given every consideration to numerous matters I have referred to him.

Many matters may be dealt with in this debate. Most of them were referred to yesterday, so I need not detain the house very much longer. In passing, however, I should like to refer to the great difficulty being experienced in this country in regard to domestic help. Many of these mothers have to go out and work; others have young children at home, many of them are now with child, and they cannot get domestic help. I hope something may be done about this matter, and I propose to put a question or two on the order paper concerning it. Reference was made to this situation not long ago in Britain by Sir Edward Grigg, a great soldier who has done so much for the empire. In a recent letter to the *Times* he had learned from a doctor that during the previous fortnight he had attended three miscarriages—

> —for which he could find no cause but grave domestic over-strain. The mothers were young and strong. They and the children they lost were just victims of an anti-domestic mania under whose influence all-powerful officials are instructed to act as though mothers, homes and children were of no account to the nation by comparison with factories and canteens.
>
> Many of those officials do their utmost to help; others are hostile to domestic claims. But whether they be sympathetic or not, the result is that mothers and their children, born and unborn, are going to the wall. If race suicide is to be a national policy, firing squads would be more merciful.
>
> Many maternity and child welfare clinics with their voluntary helpers are also struggling against blind official indifference or discouragement. I gave a disgraceful example to the Minister of Health a short time ago. But the official sabotage of maternity goes on, more destructive than German bombs.

Then at page 375 of the *National Review* for last May, where reference is made to this letter, it is stated that this correspondence drew letters from many people, and the *Review* goes on to say:

> There was a general consensus of opinion that "something ought to be done" to relieve the over-strained mothers. But what? Mr. Bevin has from time to time let it be known that he has it in mind to organize, at some future date, a vague corps of domestic helpers. This reminds

us of the little boy who pulled the wings off the flies and then, surprised that they could no longer fly, tried to stick them on again. What Mr. Bevin and his brother socialists do not know is that it is easier to pull down a social structure than to rebuild it. They are slowly acquiring this information at the expense of the community—in this particular case the price is paid in the lives of young women and their children. There is a remedy for this almost desperate situation, and that is to release from the factories and workshops the women who are finding that work too heavy for their strength and who are therefore unsatisfactory workers, wasting their own and other people's time. A recent report on absenteeism in the war factories shows that there are a great many women who stay away from work they do not like. If they were released it would not be necessary to "direct them into domestic work," they would find it for themselves either in their own families or in other people's. Once the strait-waistcoat into which women have been forced is relaxed the domestic situation will get better automatically. We may add that the women's services strain the health of all but the very robust, and that it can be of no earthly good to the country to keep young women in uniform when they are perpetually in hospital.

I believe that if an investigation were made here, as it was made in Britain, it would be found that many of the young women in the three services are in hospital or not able to carry on for a great many days during the year. The women's army services and organizations have done glorious work in this war; there is no doubt about that. They have released many men for the army, the navy and the air force, but I think this situation should be looked into by the department in view of the lack of domestic help for the families both of soldiers and civilians. I know the hospitals and rest homes throughout the country are suffering from this lack of help, and I think that situation should be remedied.

To make a long story short, the key to the whole problem lies in the choice of men to administer this department. We have had an example before us now for twenty-four years, and we hope things will be conducted differently in future. Now I believe a number of very fine returned men both on this side and the other side of the house, who have taken a great interest in this work, wish to speak on this bill, so that I shall conclude my remarks.

Mr. FRED ROSE (Cartier): Mr. Speaker, I rise to support bill No. 83 and the principle of establishing a department of veterans' affairs. This bill is vital both to the people at home and to our men now fighting overseas. Some people suggest that perhaps we are talking too much about the post-war period and the problems of rehabilitation, but I suggest that now, when our men are in action, is the time we should make them believe that we are sincerely trying to make sure that their wishes and desires, their hopes and aspirations will come true, and that we will not have a repetition of what happened after the last war. I have in my hand a book called "The Aftermath" by Right Hon. Winston S. Churchill, which I have read a number of times, particularly certain chapters. At page 16, dealing with the immediate post-war period and the men returning from the war, he said:

> The boundless hopes that had cheered the soldiers and the peoples in their tribulations died swiftly away. The vision of a sunlit world redeemed by valour, where work would be less and its recompense more, where justice and freedom reigned together through centuries of unbroken peace—that vision which had flickered over the battlefields and beckoned from behind the German or Turkish trenches, comforting the soldier's heart and fortifying his strength, was soon replaced by cold, grey reality.

And then later on:

> A cruel disillusionment was at hand for all. All men, all women, all soldiers, all citizens were looking forward to some great expansion, and there lay before them nothing but a sharp contraction.

The same sort of vision that the men in the last war had while they were in the trenches in France and Turkey is being had to-day by the men overseas. They are all looking forward to something better. They want to be sure they will come back to a Canada where they will have jobs at good pay. They are not asking for too much. But they do look forward to a Canada that will not be the same as the Canada after the last war. There must be no contraction, as Mr. Churchill said was the case after the last war. While we can discuss the affairs of the veterans it must be understood that they are connected with the whole project that we have in mind for Canada, a project that will lead to expansion instead of contraction.

This bill proposes the setting-up of a separate and strong department of veterans' affairs which shall be responsible for the care, treatment, vocational training, reemployment and reestablishment in civil life of the veterans of the armed forces and the care of their dependents now and after the war. With those principles I fully agree, but there is one proposal lacking, and that with regard to the men of the merchant navy. We hear glowing reports about their heroic deeds at sea under difficult conditions. Many of them have had their ships blown out from under them three or four times. These men should have the same guarantee given to them as is being given to the men in the armed forces. It is true that they come under some of the provisions

of the Pension Act, but this is not sufficient. In his little book, "When the Boys Come Home," Mr. Senior says:

> Since merchant seamen are engaged in a normal civil vocation—presumably the one of their choice—the question of rehabilitation into civil life after the war does not arise as it does in the case of a member of the armed forces who has been taken away from his normal occupation.

That is not altogether true. Many of these men left trades to join the merchant marine believing that they were needed, believing that they were doing their patirotic duty to Canada. I do not believe it is fair to separate them as Mr. Senior has done. No doubt he means well, but at the same time it is not helping the men of the merchant marine.

We have three responsibilities to the men and women of the armed forces. First, we must realize that the war is not yet won, that hard battles are ahead and that weapons of war must be given to these men in greater and greater flow. Our second responsibility is to plan for the kind of Canada that these men hope to come back to. Third, we must set up that streamlined machinery which will guarantee civil reestablishment and jobs to the men and women returning home.

The bill now before us is a good contribution in that direction. However, in itself it is not sufficient. We must have the broadest approach to this problem facing the men and women of the armed forces because we owe them everything. In order to show the aspirations of the men in the armed forces I should like to read something of what has been proposed by the men themselves. After a lengthy discussion, a document known as the charter of the Loyal Edmonton Regiment was prepared. This charter, which was submitted to the Minister of National Defence while on tour in Italy, states:

> 1. The Canadian government has a moral responsibility for the return of the fighting forces into civilian life, with jobs.
>
> 2. Security and livelihood for every citizen should be assured by all means available, notably minimum wage, health and hospital insurance, and national security measures along the lines of the Beveridge plan.
>
> 3. A large standing army, navy and air force sufficient to meet Canada's international obligations for the maintenance of world peace should be established and the active army should be given preference there.
>
> 4. Out of the existing overseas army a Canadian group for attachment to the allied military occupation army should be established on a voluntary basis but maintaining Canadian identity and officered by Canadian reinforcements to be drawn from trainees.
>
> 5. Preparations to be made forthwith to let men waiting discharge begin trades and other training as soon as possible to obviate the necessity for purely parade square routine. Existing educational personnel and trades school staff could be used as a nucleus for this purpose.

[Mr. Rose.]

None of us knows as well as these men exactly what they want and what they expect to find in Canada once they come back, and by all means those proposals should be considered most seriously.

There are still some shortcomings in our treatment of these men which should be overcome. In this connection I agree fully with a statement made by Mr. Walter S. Woods, associate deputy minister of pensions and national health, when speaking to the Winnipeg veterans' welfare committee on March 7. He said:

> I don't think our democracy will survive another experience like the thirties. These men returning from overseas must get jobs. The man who has seen service should be given special recognition by employers.

The fulfilment of what is contained in those words of Mr. Woods is the responsibility of government and parliament, of industry and labour. All must collaborate and work together to see that it is possible to give these men a better Canada. Organized labour is collaborating with the men of the armed forces to a much greater extent, I would say, than in the last war. In the memorandum submitted on February 25, 1944, to the cabinet by the trades and labour congress there is a full section dealing with matters affecting the armed forces. They recommend better treatment, and they deal with the problem of clothing allowance and emphasize the fact that $65 is insufficient. The memorandum of the Canadian Congress of Labour submitted to the government on February 21, 1944, says this:

> The congress recommends that demobilized members of the armed forces be continued on full pay and allowances until they can be gainfully employed, and that the clothing allowance on demobilization be increased to at least $125.

Recently at a conference held in the city of Vancouver, organized labour, together with representatives from the legion, considered the problems of the returning men, the problems of the armed forces and the problems of labour, because they realize that you cannot separate one from the other.. They considered a master plan that would provide employment for the workers and for the returning men.

I want to refer especially to parents in connection with the problem of dependents and pension allowances. Since I have been in the house I have received letters from parents whose sons have been killed overseas, and in all cases the parents have been unable to get any pension whatsoever. There is one case which I particularly want to mention. Here is a man, the father of twelve minor children. His boy overseas, an air gunner, was killed. The father is blind in one eye,

and has rheumatism, but he cannot get anything at all, despite the fact that it is recognized that the boy had supported the family to quite a substantial amount before he went into the forces. He sent $40 a month home to his parents, and now the family cannot get a single penny. Surely it should be possible, by an amendment to the pension act, to provide for helping the family in cases such as this. The father may earn $25 a week, but how does that help a man with twelve minor children?

Mr. MACKENZIE (Vancouver Centre): How old is the oldest child?

Mr. ROSE: Less than sixteen.

Mr. MACKENZIE (Vancouver Centre): Will my hon. friend send me the details of the case?

Mr. ROSE: I shall gladly do so.

Then there is the problem which has been mentioned by everybody, that of the clothing allowance. Organizations and individuals have all agreed that there should be an increase in the clothing allowance up to $125. I for one find it very hard to understand why $35 was ever fixed upon in the first place. It is true that it has been increased to $65, which is a step in the right direction, but it is still insufficient. I think I cannot do better to show how the men and the parents of the men in the armed forces feel about the clothing allowance than by reading this letter which appeared in the Ottawa *Journal* of February 29, 1944. It is as follows:

> As the mother of two boys at present in the battle of Italy, may I say one went overseas in 1940 when he was 21, the other in 1941, when he was 19. I wonder if our law makers realize that many boys like ours went overseas at the youthful age of 19, 20 or 21, still growing, and the clothing they laid aside to don their country's uniform will be outgrown, which means when they return to civilian life they will require a whole new wardrobe. How far, Mr. Law Maker, do you think the sum of $65 will go towards an overcoat, a dress-up suit, an everyday or work suit, shoes, shirts, etc., etc.,? It would not much more than buy an overcoat or one suit much less all the other articles they require.
>
> It is a disgrace to Canada to suggest giving these boys anything less than $200.

A number of organizations as well as individuals have asked that the clothing allowance be increased to $125. It would be good news to those now fighting overseas if the minister were to announce publicly that this question had been settled once for all and that the clothing allowance is to be $125 for all men honourably discharged from the armed forces.

I shall not take more time, Mr. Speaker. A number of other speakers have dealt with the problems of returning men, and there has been unanimity almost amongst all groups. All that we need now is action on the part of the government to make sure that our returning men will receive the finest of treatment, which is a debt we owe to them.

Mr. FREDERIC DORION (Charlevoix-Saguenay): Mr. Speaker, I am glad to give my support to this measure in favour of the veterans. I wish to draw the attention of the government to some special aspects of veterans' problems.

Mr. DORION (Translation): Mr. Speaker, I must say, at the outset, that I have had the opportunity to come into contact with the veterans of the last war and to become acquainted with them. I have had the privilege of working with them since 1918, because they did me the honour of requesting me to become their legal adviser and I was pleased to accept. I deemed it my duty to help them in their distress and to give them my assistance during the depression that affected so many people. I have known a great many veterans, as well as their wives and children. I have seen on all too many occasions, the distress undergone by those men who had brought great credit on themselves from 1914 to 1918 and who, on their return home had certainly not received the help and the support to which they were entitled. I have all too often noticed, for instance, that because a veteran was in receipt of a small monthly pension, he was denied employment opportunities, preference being given to others. He was then left to shift for himself, and he was only getting $5, $10 or $15 a month from the department of pensions. That is why, after living among them, and witnessing their distress, I cannot but support any action that may be helpful to those who are veterans of the last war and to the men who are fighting in this war.

Evidently, the legislation now before the house deserves all our support because, as I said a while ago, its purpose is to help the veterans and, in itself, it is a very good enactment. I want to add, however, that it is not sufficient, as everyone knows, to have excellent legislation—this statement is almost a truism—since the main thing consists in having the law suitably applied, and in all fairness which implies that there will be no discrimination.

Therefore, Mr. Speaker, whatever legislation we plan or pass, I submit that we will not achieve our purpose unless this act is applied fairly. We all know that it is not

enough to admit the existence of certain evils, not enough to make laws allowing us to establish such facts and then pretend we are trying to improve conditions if, in truth, we do not apply the remedial measures needed to root out the anticipated evils. I would like to add that, knowing the veterans, as I said a while ago, I realize that what they ask is not so much a pension—they want no charity from the government, from individuals or from companies. Those people have their pride like other citizens, and they want the right to say like everyone that they are able to earn their living.

Obviously a wounded man, one who has lost a leg or an arm, cannot, in civilian life, render as efficient services as a physically fit man. On the other hand, it is a well-known fact that there are in our industrial plants and elsewhere all kinds of jobs which wounded or crippled war veterans could fill. Our dominion, provincial and municipal governments should pay special attention to the cases of wounded men who will return home after the war as well as those of the veterans of the last war who are still living. I am convinced that our governments could readily find, for a large number of them, jobs which would enable them to earn a decent living. Moreover, our industrialists, tradesmen, business firms and even private business men should realize the obligations that we will have to fulfill towards veterans after the war. If it is true—as has been so explicitly stated—that they have retained their possessions, that our system has stood the test, that companies and business men can continue their activities, thanks to those who have fought overseas for five years or more, and some of whom will return home wounded after enduring untold hardship, I claim that all these industrialists and business men should make it their duty to find easy work for all these crippled veterans, so they may honourable earn a living. I shall go even further and state that it is the duty of the government and the new minister who will be directing this department to organize a liaison service between the department and the industrialists and business men of the country. Thus they would be in a position to locate all positions available to veterans, and when I use this expression I mean especially the crippled veterans. The minister should undertake a thorough investigation through the whole of Canada, in order to find work for all those who have given their blood to safeguard our industries, and to preserve the institutions we enjoy at the present time. The minister should, after this comprehensive investigation, invite these industrialists and business men to offer employment for the crippled veterans.

The same pitfalls that we had to avoid after the last war may well be met again at the end of the present armed conflict. We must avoid any method based on political patronage. I am unfortunately aware that politics have often played an important part when a veteran was in need of a job. Let us avoid such partiality this time and let us make sure that every veteran shall enjoy the full measure of consideration he deserves, no matter what may be his political affiliations.

This week, Mr. Speaker, we have voted quite a considerable sum in order to provide help for the united nations. We have voted much money for that purpose during the last two years. The soldiers who are now fighting know it. The veterans of this war will remember the gifts we are making to-day. The men who have fought for five years will, on their return to this country, remind us who are now sitting in this house, of what we have done during this war, the gifts we have made. Will they not have a right to ask us to afford them a decent livelihood for themselves as well as for their wives and children? It is therefore imperative that we should now devise some plan for taking care of the large number of men who are now returning to this country and of the still larger number of those who will come back after the war.

(Text)

In closing, I assure the government that I shall always regard it as a duty to collaborate with any government to help the veterans; and I hope that when good suggestions are made, even by members of the opposition, the government will not put them aside for the simple reason that they come from hon. members belonging to opposition groups.

Mr. HARRY LEADER (Portage la Prairie): Mr. Speaker, I always contend that when a man makes a public statement he should have knowledge of his subject. I was greatly interested in the speech made yesterday by the hon. member for Vancouver North (Mr. Sinclair); he spoke as a soldier, and concern for the betterment of the conditions of our soldiers after the war was the thought uppermost in his mind. I did not hear the speech made yesterday by the hon. member for Battle River (Mr. Fair), but I read part of it, and I wish to pay tribute to him for his tenacity in maintaining that the indebtedness still owing by veterans of the last war to the soldier settlement board should be cancelled. I agree with the request which was presented the other day by a delegation from a western body of soldier settlers, that these men now be presented with free title to their lands. I say that, knowing full well

that there are those who would not make a success of farming if you gave them another fifty years to pay for their land. But we cannot legislate for that sort of farmer. The great majority of these men, I believe, did the best they could under very difficult circumstances. Therefore I am pleased, if it is going to help any, to support the resolution which asked for the cancellation of soldier settlers' debts and the granting of free title to these returned men.

I want to speak in this debate from my experience as a farmer. I support the legislation which has been enacted and the proposals now under consideration for the rehabilitation of returned men who must resume civil life when the war is over. As a farmer I am interested in the Veterans' Land Act; I believe that it is a good measure if properly administered. I do not think I can do better than to read some provisions of the act as contained in this little booklet called "Back to Civil Life". I quote:

The Veterans' Land Act, which is administered by a director under the Minister of Mines and Resources, gives a new meaning to the term land settlement in the rehabilitation of ex-servicemen. The main purpose of the act is to assist suitably qualified ex-servicemen to buy and own a farm to be operated on a full-time farming basis or to buy and own a rural or semi-rural home (small holding) with the main income earned from industrial or other employment in the community. To give practical effect to this purpose, the act provides:—three distinct types of establishment; that the state shall bear a substantial part of the cost of each establishment by means of a conditional grant; that each ex-serviceman assisted shall be qualified for the particular type of settlement; and that he shall pay down ten per cent of the cost of land and buildings at the time of his establishment.

For veterans who have practical experience in farm operation assistance is available to engage in farming as a full-time occupation. Encouragement will be given to sustain the "family farm" as a Canadian institution.

For veterans whose normal sphere in Canadian society is in industry or commerce or in the field of agricultural employment, provision is made for assistance to be established in a good home, with small acreage of land outside the high taxation areas. Mechanics, carpenters, masons, electricians, factory workers and white collar men may benefit. It is believed that seriously disabled veterans in receipt of substantial pensions may be especially interested in this type of semi-rural settlement.

And then there is an inducement to fishermen to follow along the same line. I quote:

Small holding (coupled with commercial fishing). For the veteran whose normal occupation is in the commercial fishing industry provision is made to assist him to purchase a comfortable home, a plot of ground and fishing equipment required for his occupation.

Let me now read the financial provisions:

The act provides a maximum of $6,000 to cover cost of land, improvements, live stock and equipment, including fishing equipment. The maximum for land and improvement is $4,800; maximum for live stock and equipment or fishing equipment, is $1,200.

As to terms of sale to qualified veterans:

At the time he makes application to purchase, the ex-serviceman must deposit in cash ten per cent of the cost of land and improvements, namely, $480. He then signs a contract to repay only two-thirds of the cost of land and buildings, or $3,200 over a period of 25 years, with interest at 3½ per cent amortized. The annual payment including principal and interest is $194.14. The entire $1,200 cost of stock and equipment, plus $1,120—the difference between the cost of land and buildings and what the veteran pays—is borne by the state. In this case the state conditional grant is $2,320 or 38 per cent of the total cost of the farm establishment.

It goes on to say that in order to take advantage of this assistance the position of the farmer must be maintained for at least ten years, and if you wish to sell or assign your property, you lose the benefits I have enumerated. Let me now read another short excerpt from these conditions:

The veteran may select his farm or small holding in any location in Canada but the farm must be such that in the opinion of the director of the act it offers reasonable opportunity for successful rehabilitation.

Here is another interesting provision I should like to read:

Provision is made for the granting of loans at 3½ per cent interest rate to veterans who own farm land and may require funds to resume farming operations. Advances not exceeding 60 per cent of the value of the land, or a maximum of $3,200, may be made to pay off a mortgage, effect improvements, or buy live stock and equipment. If an advance for live stock and equipment only is desired, the total may not exceed $2,500, or fifty per cent of the value of the land.

I have been much interested in this phase of the rehabilitation programme. Owing to circumstances over which I have no control, I have never been able to offer a word in this house in regard to these projects. I am very glad to have this opportunity to support what I think is commendable in the government's actions. About two years ago, before the act was being considered, and anticipating that I might not be back in the house for some time, I presented a submission to the minister of pensions in which I outlined my ideas of a land settlement act. I pointed out in these submissions that farmers with experience should be the only ones allowed to come under this scheme. I pointed out that returned men should have the choice of location, and that it was desirable that they should select good land in good districts. I did not think there was need of going beyond the boundaries of our organized municipali-

ties; I believed that there was plenty of land available for the settlement of these soldiers right in our organized districts, where they could have the benefit of good roads, schools, churches, and the advantage of electricity, which goes with any properly constituted farm. I sent this submission to the minister, and he replied kindly by saying that I would find that some of the recommendations would be contained in the bill. I think perhaps that is so, although I am not taking any credit

I wish to deal with another phase of this important measure. Let me call attention to section 33 of the War Veterans' Land Act, which provides:

> No person, firm, or corporation shall be entitled to charge or collect, as against or from any other person, firm or corporation any fee or commission or advance of price for services rendered in the sale of any land made to the director whether for the finding or introducing of a buyer or otherwise.

That is contained in section 33 of the War Veterans' Land Act. Now let me read my submission in that regard, which I made to the minister:

> In my opinion, whatever measure is devised it should be administered in cooperation with the provinces and the municipalities. Especially, I would say, the municipalities. Municipal officials could keep on file a list of the lands available for resettlement, location, price per acre and other information required by the land inspectors. This information kept on file in the municipal office would tend to speed up transfers and guarantee a better deal for all concerned.

I added:

> I am sure that you will agree with me that the legislation proposed should not be enacted as a relief for the mortgage holders, either corporate or private, but for the reestablishment of our returned men in happy homes after their release from army life.

That was my attitude at that time, and I still adhere to it.

I was interested in receiving a short time ago a notice from a real estate firm stating that a meeting had been held by the Canadian association of real estate boards in Niagara Falls and that a committee had been appointed to interview the government and that a resolution had been submitted. I shall read the resolution:

> Be it therefore resolved, that the members of the Canadian association of real estate boards in session at Niagara Falls, Ontario, this fifth day of April, 1944, petition the Right Honourable W. L. Mackenzie King, Prime Minister of Canada: that section 33 of the War Veterans' Land Act be amended by adding the words "save and except to a duly licensed real estate operator," thereby permitting real estate agents to deal for remuneration in all lands required in this connection.

[Mr. Leader.]

It will be noted that this resolution emphasizes the words "save and except." If this resolution were given effect to, that one body would have the sole right to buy this land for the soldier settlement board. That seems to me to be bordering on a monopoly. I do not think that any association should have the right to be the sole agents of any company. Especially am I against any action of this kind being taken by the government. Our returned men will be coming back after offering their all in our defence and in the defence of our homes and families. Here is an association asking for their pound of flesh in securing lands for their rehabilitation. I know that the government has not granted any rights to any real estate agent or association. I want to bring this forward to the minister and to the government and to tell them that I support them in the action they have taken so far. I hope that they will not weaken. I do not want to be taken as being antagonistic to any legitimate business. I believe the business of real estate dealers is legitimate and that there is a place for them in this country; but in this one particular where we are fighting for proper treatment of our returned men I do not believe that this association should get its finger in this particular pie.

Now I wish to deal with another phase of the land act which I mentioned a while ago, namely, small holdings. These small holdings would be secured adjacent to industrial centres. I believe the provision is an excellent one. I believe that the families will be all the better off in a semi-rural home and surroundings, but I am thinking of how it will affect returned men from western Canada who have volunteered and offered everything. As the house knows, in western Canada, and particularly in the prairie provinces, industries are conspicuous by their absence. We hear a good deal these days about the decentralization of industry. I think that it is long past due. If we are to have a balanced economy, both east and west and in our country as a whole, we must have industries in the prairie provinces. Very few industries are located there at the present time. The hon. member for Davenport (Mr. MacNicol) has contended that thus far the industries of eastern Canada have not been fair to western Canada—and I hope I am not misquoting him. Along with many other hon. members I agree in that. We have had industries in western Canada but they were subsidiaries of the big industries in the east. They came out to further their own business. They established industries or assembly plants in different cities throughout western Canada when times were good. But when we had the depression period

in the thirties, most of those industries—and I know whereof I speak, because this is exactly what happened in Portage la Prairie; I could enumerate several of them—closed down because business was not good and they went back to the parent company. Some of the employees who were raised in the west went back with them. We lost not only the industries themselves but part of our population. I think that government measures should be enacted which would compel, if not those parent industries which I mentioned, other industries, to establish themselves in the west. If that is done, if we have industries in our cities or larger or smaller towns where a returned man can get a job and have his family living in a semi-rural district, this provision dealing with small holdings will be all to the good. But if that is not done, farmers from western Canada who want to establish themselves in a rural home adjacent to an industrial centre will not be able to do so and they will go back east. I do not think that is good for Canada. I think it militates against the interests of the whole country.

I did not intend to take up much of the time of the house, but in conclusion may I say that no government policy can bring the desired result without the whole-hearted co-operation of the returned men themselves. I think that these men must have the will to win and the desire to work. I believe if they have these two requisites that we shall establish them in happy homes throughout Canada, with benefit to the whole country. I hope that these men will not come back and find their interests unprotected. As the hon. member for Vancouver North (Mr. Sinclair) said yesterday, a political promise is not going to satisfy these men who have offered their lives in our defence; they want these promises redeemed. After reading the different provisions in the Veterans' Land Act and the other measures which have been passed by the government, I feel confident that the government have the best intentions in the world and that our returned men are going to be established in the country to which they belong.

Mr. J. A. ROSS (Souris): I have always urged that all veterans' affairs should be handled under one department. I think it is fitting that while our thoughts and our prayers are very much for the welfare of our men and women now engaged in the invasion and liberation of overrun Europe, and, yes, of their dependents, we at home in this parliament should be giving consideration to bill No. 83, an act to create a Department of Veterans' Affairs.

First of all I should like to endorse the remarks of the hon. member for Vancouver North (Mr. Sinclair) and the hon. member for Hastings-Peterborough (Mr. White) with respect to this measure. I should like also to concur in what was said by the hon. member for Battle River (Mr. Fair) with respect to titles to the land of settlers under the old soldier settlement board. I think the great problem is going to be the matter of rehabilitation; and as has been stated on different occasions, I know of no better lift that could be given to the morale of the men who are now fighting than an assurance by the government that we are now planning on how properly to rehabilitate and reestablish them in civil life when they return.

The minister has pointed out that up to the present some 135,000 men have been discharged, while another minister has stated that so far only some 3,000 have taken vocational training. That is a very small percentage, and I think is proof of the fact that the allowances are not sufficient to enable these discharged men to take the training they would like to get. On several occasions I have pointed out that I thought the insurance principle should apply to those on active service anywhere. That should be our basic principle. I have said also that the pre-enlistment physical condition of a man or woman for all future purposes should be considered to be that obtaining at the time of acceptance by the armed services. That would make it much simpler for the officials of this board to carry on its administration. On several occasions I have asked that the widow of a soldier who received a pension of less than fifty per cent should be entitled to hospitalization and medical care on the same basis as the widow of a veteran receiving a war veteran's allowance. Yesterday the hon. member for Vancouver North very ably pointed out the difficulty experienced by many young wives, with their little families, in getting along under somewhat harassing conditions while their men are away fighting for all the worth-while things we in this land enjoy. I believe a great deal of consideration is due these young women and their families.

There is also the matter of the $65 clothing allowance, which I think everyone will agree is not nearly sufficient to equip properly a man who is discharged after having seen service for several years. There is also the matter of the Sparkman Act. I believe Canada should have had similar legislation to protect the legal rights of the men serving in the armed forces. If that had been done it would have been much simpler to rehabilitate many of these men who are carrying on under many handicaps in the matter of life insurance and

other obligations which they are not able to discharge with the remuneration they are receiving. I say that instead of leaving this matter of legal protection to the various provincial legislatures a measure should have been passed by this federal parliament, or it could have been handled under the War Measures Act.

Something has been said already about land settlement by veterans. The hon. member for Portage la Prairie (Mr. Leader) quoted from the little green booklet dealing with that subject. I do not know whether or not he entirely agreed that the matter was sufficiently covered, but I was privileged to be a member of the committee which dealt with the Veterans' Land Settlement Act. It was a very interesting committee, and many worth-while recommendations were advanced. On one point I do agree with the hon. member for Portage la Prairie; that is, that commissions should not be paid to real estate men. I agree that these people have a rightful place in this country, but I have some recollections of personal experiences under the soldier settlement board following the last war, when, I am sorry to say, many of these soldiers were settled on submarginal land. I have tried to point out, as have many other hon. members of that committee, that every possible safeguard should be adopted so that we shall not make that same mistake again.

A little booklet entitled "Back to Civil Life" sets out the three types of establishments under the Veterans' Land Act. They are for the full-time farmer; for urban and other workers desiring small homes near their employment, and for commercial fishermen. Provision is made for a government grant of $2,320 on land and buildings costing $4,800 and stock and equipment costing $1,200, with loans to ex-service personnel owning farms and repayment over twenty-five years at 3½ per cent. Briefly that sets out the three forms in which this land settlement may be carried on. I believe this is a very worth-while act, because I do not know of any occupation in which a man can better quiet his nerves and raise a young family than in farming, under proper conditions.

If I may be permitted I should like to refer to what I said in discussing the Veterans' Land Act on July 20, 1942, as reported at page 4386 of *Hansard:*

> As has been stated, it was the purpose of the dominion government to provide a measure of financial assistance to veterans, upon their performance of the prescribed settlement conditions, in order to permit of their engaging in agricultural pursuits, either as a full-time occupation or as a part-time job coupled with some other employment.

[Mr. J. A. Ross.]

May I say at the beginning that if it were not for the fact that I have some faith in the future, and a hope that agricultural parity will eventually be established in Canada, I would not have been able to support the bill even in principle. In the great nation to the south of us, the United States, there has been parity between agricultural and other products for a year now, and under the Washington wheat agreement of June 27, 1942, signed by the Argentine, Australia, Canada, the United Kingdom and the United States, the representatives of these nations have recognized the basis of a parity price for wheat which will return a fair remuneration to the producers as well as being fair to the consumer. On the basis of these agreements, and having regard to what has been done in the United States, I think we may hope that we are doing these settlers justice by establishing them on the land, because we hope that they will be able to carry on under parity prices, in the future at any rate. As I say, if it were not for that hope I for one could not have supported the bill.

This bill is distinctive. It is different from the soldier settlement act, both in name and in principle. It provides for the granting of a loan, and refers to ex-service men as veterans rather than settlers. In connection with section 5 of the act, I have felt some concern because in the early years, under the old act establishing the soldier settlement board, the municipal authorities had very many difficulties owing to tax arrears. I remember our western municipal union executive having to make trips to Ottawa on several occasions to have these difficulties ironed out. I am happy to say this was taken care of under section 5, which reads:

> "5. The main purpose is to establish the legal entity and corporate powers of the director."

Then at page 4387 I said:

> A great difficulty under the old soldier settlement board was that the authorities allowed these settlers to settle on a great amount of submarginal land. We cannot take too many precautions to prevent a repetition of settlement even in small numbers on submarginal lands, because it is detrimental both to the settler and to the country as a whole. We must guard against that at any cost. I should like to recommend that to avoid such difficulties our regional or provincial advisory committee should include a provincial soil expert from the university of that province, a representative of each provincial municipal organization of the province—because I do not know of any organization which would be more interested than the municipality in which the settler is placed—and a member of the provincial command of the Canadian Legion. Without their approval no settler should be settled on any land.

I believe the approval of a soil expert is most important, because the vast majority of the difficulties under the old settlement board came about as a result of the settlement of submarginal lands. In most provinces, certainly in the three prairie provinces, much has been accomplished during the past few years in connection with soil surveys by the experts of the provincial governments, and I believe any settlement under this

scheme certainly should be guided by the findings of these surveys. It is all-important in connection with any land settlement scheme that these men should be placed upon the very best land available. In making his statement on this bill the minister said:

> The Department of Soldiers' Civil Reestablishment was responsible for many services in connection with the placement of discharged men in civil life with one definite exception, that of land settlement, which was placed under the Minister of the Interior. The measure to be based upon this resolution will place both the Veterans' Land Act and the other soldier settlement system under the Department of Veterans' Affairs. That was one of the recommendations hon. gentlemen will recall that was made to this house by the same select committee which studied the question of land settlement and which was responsible for the amendments to the Veterans' Land Act adopted by the house at that time.

I want to compliment the minister upon making a step in the right direction, upon doing something for which many of us have asked for many years. Let me repeat that I think it is all to the good that all veteran matters are included in the one department.

As has been pointed out in other arguments, probably the minister does not have his own way in these matters. It has been stated that the great difficulty in this matter, as in many others, rests with the treasury board. It has been pointed out that of the six members of the treasury board, only one is an ex-service man. It has been very difficult to get matters through the treasury board, but I trust that those people and the government will realize that they owe—I was going to say a debt of gratitude, but it is not a debt of gratitude—something which is due to the service man as a right, that they owe him proper rehabilitation and reestablishment after the war.

These service men made the worth-while things of life possible for us all. In many cases their wives and children have undergone hardship quite apart from having to put in many years without the guidance and assistance of the good husband and father. I know the government will be supported by the people of this country in the proper spending of money for the rehabilitation, reestablishment and general welfare of these people and their dependents.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, yesterday the hon. member for Vancouver North (Mr. Sinclair) in speaking on this bill expressed satisfaction at the consolidation of various departments into one. He said he was heartily in favour of that and then he went on to say:

> Nothing is more disheartening to persons seeking information or help from the government than to be passed from department to department.

He said that now he would be able to go to this one department, go to one man so to speak, in order to deal with any soldier troubles. I heartily endorsed his belief in that expression. I, too, thought what a beautiful thing it would be to be able to go to just one man, whether you wished to take up the case of a soldier wanting to get out of the army, a soldier who wanted a pension, or a soldier who wanted to be buried. No matter what it was in connection with the returned man, it could be dealt with in one place. However, I am afraid the hon. member for Vancouver North is due for disillusionment as I was. That is not the picture as it now presents itself.

On May 30 I wrote to the department about a man's case. Like many other cases, there were several things to be taken up. There was the question of pension, for one thing, as well as other matters. It had been stated that this man had been discharged as being unable to meet required military physical standards. This man had suffered considerably in Sicily, Algeria and Africa; he had been wounded and had contracted a serious disease. The man's wife or somebody thought that was a rather cold way to treat him, to discharge him as being unable to come up to the military requirements. There was some other stuff like that.

It was stated also that while in a mental hospital he had been asked to sign a discharge which contained as a condition the release of the government from all liability. That did not make sense to me. I do not believe that such things are true, but those were among the things I took up with the department. I got a letter back from the pension commission dealing with the pension angle and saying that they would try to get me replies to the questions which were outside the province of the pension commission. I got another letter a fortnight later which dealt with the pension case, but dismissed the rest of the matters with this language:

> The other questions referred to in your letter are matters which come under the jurisdiction of the Department of National Defence.

So that I have to begin all over again the weary trail of discovering which of these gentlemen is the man to deal with, which is the man to put the matter before and have it pushed along. Some of them are not too ready to exert themselves too much to push matters along unless they are exactly down their own alleys. A couple of years ago I wrote to an official about a certain matter. I said, "Possibly this does not come immediately within your jurisdiction, but, if not, would you be kind enough to send it along to

the offiicial whose business it is?" It was all in the one department. He wrote back after a time—I lived three thousand miles away—and said. "The person to whom to address your letter is Colonel So-and-so and you had better do that."

When I came to Ottawa I found out that Colonel So-and-so was not only an official in the same branch, his office was not only in the same building, his office was not only on the same floor, but was in the same corridor as the office of the gentleman who had written to me about this urgent matter to tell me to take it up with Colonel So-and-so. I hope that there will be a marked improvement in this condition. I hope that in its operation it will turn out better than it seems to be.

When some other matters were up the other day and we asked some questions we were told that the matters would be taken care of in the regulations. I am not so sure just what the regulations will contain, and I should like to deal with this aspect of the matter for a moment. Section 7 of the bill states:

> Subject to the approval of the governor in council, the minister may make such regulations, from time to time, as he may deem necessary and advisable.

Then follows a couple of pages outlining the subjects to be covered by regulations. We must admit that most bills require a section of that kind. For convenience in carrying them out most bills must grant the power to make regulations. A man once said: "Let me write the songs of a nation and I care not who writes its laws." I would paraphrase that and say, "Let me make the regulations, and I care not who makes the bill." It is quite possible under that power to make a new bill and largely vitiate the original one. There seems to be a trend to pass a sort of skeleton bill—

Mr. GRAYDON: It is more than a trend.

Mr. NEILL: I am always moderate in my language and I want to give the government the benefit of the doubt. The first time it is a mistake; the next time it is an accident, and the third time it is a habit. It has become a habit to pass a sort of skeleton bill which readily goes through the house because we are in a hurry to go home. When we ask about things we are told that they will be fixed up in the regulations. Then, when the regulations come down we find that substantially a new bill has been introduced. I am thinking, for instance, of the Old Age Pensions Act. By means of regulations they created practically a new bill, and that sort of thing is going on all the time.

By whom are the regulations made? They are made by the officials. We do not suppose that the minister sits down and makes them because he has a lot of other things to do. Officials are apt to get into a rut. The way it works out is that these regulations contain perhaps the minister's ideas, perhaps the deputy minister's ideas and then the ideas of some of the officials. The great temptation is for the officials to draw up the regulations in such a way that they will be convenient to carry out. I have been a government official myself and I know my instinct was to stall off the man who wrote me the first letter.

There is another department—it is not the minister's—where they are definitely inclined to draw up regulations that will be convenient to carry out rather than to meet the interests of business or of the common people. There is no control over these regulations. Of course it will be said that I am quite wrong, that they have to be laid on the table within fifteen days after they are made if parliament is then sitting, and, if not, then within fifteen days after the commencement of the next ensuing session. But have we any control over that? Not at all. They are to be laid on the table. Last session we left here at the beginning of August and came back at the end of January, and any orders in council passed during that interval remained more or less unobtainable by us until we came back here in January. The section says that they shall be laid on the table within fifteen days if parliament is then sitting. We seem to be sitting a great portion of the time, and one might think we can get these orders in council. This "laid on the table" has a wonderful sound to our constituents. It sounds almost as if it were laid on our breakfast tables. But that is not at all what it means. It may mean nothing. The Minister of Pensions and National Health was kind enough yesterday, when he brought down his order in council, to lay it on the table and to give orders, quite without legal justification so far as I know, that it should be printed at once, and I got a copy of it a couple of hours ago. That was very fine. But ordinarily when an order in council is laid on the table it is sent down to Mr. Boulet's office and you can go down there and see it. Ordinarily only one copy of it is made, although in some cases there are two copies, and you can keep one of those copies for twenty-four hours. Then Mr. Boulet's staff telephones you and says that somebody else wants it. It is true that you can demand a copy, but there is only one solitary stenographer in that office and there are 245 members of the house, and if only half of them asked for a copy it would be a big order for one stenographer. Are we to put on extra staff for that?

The other day I asked for an order in council that had been passed. It consisted of forty typewritten foolscap pages, and I had not the audacity to ask that one girl to sit down and copy those forty pages, with perhaps Mr. Jones coming along the next minute and asking for another copy. I said to myself that this order in council must be available in a certain department and perhaps I can get a copy from the minister. I was told by an obliging secretary that I could, but he telephoned later and said he was sorry that only six copies had been made and I could not get one. Suppose half of us had wanted a copy of that forty-page order in council. Laying it on the table is more or less—I will not say it is a farce, but it is unworkable, so far as being available to the members.

The minister of pensions was kind enough to order this particular order in council printed, which he had no legal authority to do, and we have all got it. He has done a grand thing. The principle is sound. He has wiped out all orders in council which have been passed in days gone by and has made a new record. We can now study it and when an ex-soldier comes along we shall be able to discuss the section that refers to him. But it should be arranged, so to speak, that we can get copies of orders in council and get them readily. Even if we have the orders in council, perhaps we do not like the look of them. They have not been passed by this house and perhaps we may feel like kicking. Surely the government has some control. I say without hesitation that these regulations are more comprehensive and more difficult to handle than the bill itself. Is there any control? Oh, yes, there is control because the minister has to get them passed by council. That means the cabinet. I never was in the cabinet, but I have a vague idea that each member of the government has his own troubles and when he brings down regulations and places them before the council the others are not going to oppose his regulations for fear he might do the same to theirs. There is no parliamentary control.

Most of these things happening nowadays have happened before. I want to read a short paragraph from the London *Daily Mail*, which has the same credence perhaps as its namesake in Toronto, possibly more. The article is headed "Stop on Delegated Legislation", and reads:

> The British government's acceptance of a check on delegated legislation will be welcomed by the country.
>
> Delegated legislation is, of course, the system under which general laws are made—

Like this one here.

> —and the details left to be filled in by the departments in the form of orders and regulations.
>
> The new check is to take the form of a scrutinizing committee, which will examine every order and, if necessary, report on it to parliament. It will then be for members to take what action they think fit.
>
> It would be wrong to regard this move as a victory for legislature over the executive. Both, under the crown, form the government of the country.
>
> We may look upon it as just one more example of how the British unwritten constitution, "broadening down from precedent to precedent," is elastic enough always to serve the needs of the times.

That is just where we fall down. We are too prone to statute legislation, to passing laws that do not work. We ought to have a scrutinizing committee applying not only to these regulations but to all regulations. I submit that to the minister and to the government. I am quite certain that it will not be accepted because they never do. It would be too much for them to yield to democracy as against bureaucracy.

There is another phase. Be the regulations good, bad or indifferent, there is one thing we ought to know about them, and know quickly. We ought to know what they are and when they come into effect. That we can achieve by an amendment to the bill. What publicity do they get? Subsection 2 of section 7 says:

> All regulations made hereunder approved by the governor in council shall be laid before parliament within fifteen days after they are made if parliament is then sitting, and if not, then within fifteen days after the commencement of the next ensuing session thereof.

The next ensuing session is a long time away, and if the house is not sitting the regulations are practically unobtainable. The only publicity apparently is to lay them on the table. I might put in a modest kick right here. I do not know if I should, because he is a good friend of mine, but I should like to know why the hon. member for York-Sunbury (Mr. Hanson) enjoys the privilege which I do not have of getting an advance copy of the regulations. He said on June 14 that the minister had been kind enough to send him a copy, "since the house began its session this afternoon". I have great respect for the hon. member's legal erudition and his ability to handle these matters, but for that very reason he is not entitled to any more privilege than I am in this matter because I have not his legal mind and so on, and people in the far corner of the house and myself are therefore entitled to get the information before him. Why should he get it twenty-four hours before we get it?

Mr. HANSON (York-Sunbury): I think it is only fair to the minister for me to say that I asked him for a copy because I had heard his radio broadcast.

Mr. NEILL: Then I here and now ask the minister and all the other ministers to send me a copy of all orders in council as soon as they are passed, beginning from this day on.

I give the minister notice that I am going to move an amendment when the bill comes into committee. I have it here, and he can think it over. If he does not like one, he is open to accept the other. I suggest the following:

That section 7, subsection 2, be amended by adding at the end of it the following words: "That such regulations immediately on being approved by the governor in council shall be printed or mimeographed in sufficient numbers to provide a copy for each member of parliament and for such bodies of veterans or individuals representing veterans as shall apply for a copy."

I do not want to put the government to any great expense; they have only to print or mimeograph a few hundred copies and let interested people get them. If the minister does not like that, I suggest this amendment:

That such recommendations immediately on being approved by the governor in council shall be printed in the next issue of the *Canada Gazette*.

It would not cause a great deal of expense to print these once so that everybody—lawyer, soldier and everyone else—would know exactly where to go to find them. A lot of these pension cases are handled by members of parliament who are not lawyers—

Mr. REID: That is to their credit.

Mr. NEILL: —and who have not a legal library; also by legion secretaries, who, too, are not legal men; and when they get a regulation or amendment, for instance, that order in council No. 4978 is amended by striking out the words "and when" in the third line and substituting "together also," they are supposed to know all about it. But where is that order in council which is to be amended? They have not got it, they do not know where to get it. If they write to the clerk of the privy council he replies, "I cannot tell you unless you give me the date," because these orders are kept according to the dates. It has been suggested that there is no occasion to make all this fuss. I wrote to the department, and they were kind enough to explain how these orders in council are circulated. They said that they were laid on the table; that was one thing; and then they stated that they were also expressed in what they called "press releases"; that these were taken up by the press quite generally and printed, and that, therefore, we could get our information in that manner. But we all know, even though our knowledge of press work is extremely superficial, that a newspaper man cannot go into the whole thing; he cannot record the entire order, and if he puts in less than the whole he is providing only a summary. He may leave out some important stipulation which changes the whole situation as regards some particular case. I have received some of these press releases, and have seen them in the newspapers. They lack definiteness.

Mr. HANSON (York-Sunbury): They are mere propaganda.

Mr. NEILL: No; they are not propaganda, but they are just a brief, sketchy summary. Here is how one reads:

Honourable Ian Mackenzie, Minister of Pensions and National Health, to-day tabled in the House of Commons three orders in council—

There is no date.

—dealing with veterans' affairs.

Then it goes on to say:

The first order—

Which is the first order? There are three, and he does not name them.

—substantially increases the maintenance allowance.

That is a grand thing, but these people want to know, when? And what is the answer? A man comes in and says, "How much more does my wife get under this order in council"? I do not know which order in council it is. It is the "first one" referred to in this release, and it "substantially increases" the allowance, but I cannot tell him by how much. Other releases are along the same lines. They are very good and interesting, and to people who have no immediate personal interest in the subject they provide a general outline. But what the man who is trying to do something for the returned soldier and what the returned soldier himself wants to know is, exactly where he is at, and he can find that out only if the order in council is put in such language, right in front of him, that he will know where he stands.

I believe there is a rule regarding the drawing up of bills that you have to put an explanation on the right-hand side of the page. If a section is to be amended, it is not sufficient to say, "strike out the words 'so-and-so' in the third line and put something else in"; you have to quote the whole section to which it refers. You can then read what the old section was and learn what the bill proposes to do; you have the whole thing in a nutshell. But with these orders in council you have to go back and look for other

orders to find out what the amendments mean. I have one here, upon which I commented as follows:

I refer to P.C. . . .

So-and-so.

It would be only possible for a man having the original Pension Act and all the subsequent amendments to dope out what is meant by this P.C. To begin with the original Pension Act and look through every amendment since then . . .

It was passed, I think, in 1919 and was incorporated later in the Revised Statutes of 1927. You have to have every one of those statutes in front of you and then see if the particular section has been amended. It is quite a job, and it has to be done every time there are references to the order in council.

For instance, subsection (d) refers to something provided in subsection 10 of section 22 of the Pension Act. There is no subsection 10 of section 22 of the original Pension Act as passed in 1919. Therefore, one has to look through every amendment that has been made to the Pension Act from that time—

Twenty-five years ago.

—until now to find out when this subsection 10 was enacted.

It would be quite a job for a competent lawyer, and utterly impossible for a man who has not access to all these amendments and has no legal training.

What I suggest is that we follow the example which we are compelled to adopt in bringing in a bill, namely that when an order in council is passed dealing with any matter and amending another order in council, the previous order in council be set down there in black and white so that it will be seen what the proposed amendment is. Does that not suggest itself as a common-sense proposal? It would greatly expedite the work of members of parliament, secretaries of boards of trade, secretaries of the legion, and many a man who does a lot of unpaid work trying to push through soldiers' cases. Some of these cases require only an explanation; others require adjustments. If we made this work so much easier it would not cost anybody anything and it would certainly facilitate the labours of everybody connected with soldiers' cases. In this way, when an order in council was passed, we would see what it really meant, and not that it just meant striking out the first three words on line seven or something of that kind. I hope the minister will give way on this point, and on the other matter I suggested. I was going to move, when the bill goes to the committee, either that these regulations be printed in the *Canada Gazette*, or that a few printed or mimeographed copies should be made. I am sure that this would facilitate the work of the department, and I am equally sure that that is what he wants—to make his department work with the greatest ease, not only for the benefit of the soldiers but for the sake of himself and the various officials of his department.

Mr. W. F. KUHL (Jasper-Edson): Mr. Speaker, I believe this is the stage at which it is usual and customary to consider the fundamental principles involved in any bill under discussion. While I am concerned, of course, about the details of the bill, I wish at this time to occupy a few minutes in considering the fundamentals and the objectives which are involved in it. The explanatory note indicates that its object is the reestablishment in civil life of ex-members of the armed forces and of persons otherwise engaged in pursuits relating to the war, and for the care of the dependents of such persons. The object is the reestablishment in civil life of these various persons mentioned.

I have listened to all the speeches which have been made thus far, and I have been endeavouring to ascertain what, in the minds of hon. members who have spoken, constitutes reestablishment and upon what premise reestablishment is based. I think it is conceded by all that the success of any undertaking, whether it be on the part of a government or on the part of an individual, is dependent upon the soundness of the premise upon which the action is based. I should like to examine into the soundness of the premise that has been laid down or suggested by practically all hon. members who have thus far spoken. What is to be the means by which members of the armed forces, and those who have done their share in the war industries and in industries related to the war effort, are to be reestablished? What is the means suggested by hon. members thus far for reestablishment? I would say that in every case hon. members have implied and stated that the means to reestablishment is employment, jobs, full employment. Every member in turn who has thus far spoken has repeatedly stated that reestablishment of members of the armed forces and of others is dependent upon providing jobs and employment for them.

At this stage of our economic history and life it is imperative that we make absolutely sure we recognize, in contemplated action, a sound premise, and I wish to put the question to hon. members who have spoken, to the government, to the minister and to those who are still to speak: Is employment, jobs for all, full employment a sound premise upon which to base any proposal?

First of all, before we can even intelligently discuss the subject we must have an understanding of what is involved in full employment. I would ask hon. members, when they say that we must have jobs for all, that we must have full employment, that we must have employment for everyone, exactly what do they mean by that term? All intelligent discussion commences with a definition of terms, and we shall make no progress in this house or anywhere else until we define our terms. I have put this question on previous occasions in this house, asking hon. members, when they discuss the question of full employment, to indicate what they have in mind with regard to that term, and I have not heard anyone so far define the term "full employment". We see the term used in newspaper editorials and articles published everywhere these days: "Our objective in the post-war world must be full employment." But I have not yet seen anyone indicate what he understands by full employment. Do those who have suggested full employment as the objective mean that none of the people of Canada, the armed forces and those in civilian life, shall enjoy the standard of living they ought to enjoy at this stage in our economic history, unless they put in eight or ten or twelve hours of work a day? Is that what hon. members understand by the term "full employment"? I should like to hear them indicate so.

Will they suggest that it is impossible for the people of Canada to enjoy a high standard of living unless they put in eight or ten or twelve hours a day? I should like to hear a commitment on the part of the minister, or of the government, or of hon. members, or of anyone else who discusses the subject, whether that is what they believe. We ought to know. It is imperative that we should know what they understand by that term. Or do those who suggest full employment as the means to reestablishment mean by that term that no one is entitled to live unless he puts in eight or ten or twelve hours a day? Is that what they understand by the term "full employment"? Or do hon. members understand by that term that the people of Canada shall not be obliged to do any more work than what the machines are unable to do? Or, to put it another way: Do hon. members believe that full employment means that the people of Canada shall be permitted to enjoy all the production of Canada up to the limit of their desire to consume? It is imperative that we have some discussion of that aspect because it is fundamental to the question under discussion at the moment and to all similar questions.

This question arises again and again. There is scarcely a department that is considered in this house in reference to which the question does not come up. The hon. member for Vancouver North (Mr. Sinclair) said some excellent things yesterday, and he is well aware of that fact, for he said:

> Therefore our entire programme of rehabilitation should be based on the assumption that adequate employment will be available. If that is not so, our programme of rehabilitation will be nothing but a programme of glorious relief, with a little training thrown in to pass the time away.

I do not think one needs to be a prophet to say that that is exactly what is going to happen. The present government had five years prior to the war in which to find jobs for all, and our friends the Conservatives had a term of five years in which to endeavour to find jobs for all, and they both failed miserably.

Mr. FRASER (Peterborough West): During a great depression.

Mr. KUHL: Do not pass the buck. The same was true in every other country. The same conditions obtained elsewhere.

Mr. FRASER (Peterborough West): And there was unemployment in every country of the world.

Mr. KUHL: If I allow the hon. member to pass the buck to other countries he will finally end by blaming some other planet—Mars or some other planet—for the ills of this world. Where will he stop? I have discussed this question in the past and, though I dislike repetition as much as any other hon. member, I must say that there is no indication on the part of the government or of the majority of members that they recognize what I regard as the truths in connection with this subject. And until that is done I intend to keep on repeating *ad infinitum, ad nauseam*.

The hon. member for Vancouver North, as do most other hon. members in this house, made a statement which implied that it is the duty, the obligation of industry to employ people. I think one of the strongest proponents of that philosophy in this house is the hon. member for Davenport (Mr. MacNicol), but he has plenty of company. The statement is made that it is the duty of industry, the obligation of industry, to employ people. I wish to challenge that position.

Mr. MacNICOL: My hon. friend would not understand what industry is, much less employment.

Mr. KUHL: The hon. member—

Mr. MacNICOL: I am not a preacher; I could not go and make a speech in a church; but I do know a lot about industry, having spent twenty-five years in it.

Mr. JOHNSTON (Bow River): You have said that a lot of times.

Mr. KUHL: That is all the hon. member knows.

Mr. MacNICOL: It needs to be said a lot of times to get something into the hon. member's head.

Mr. JOHNSTON (Bow River): Do not pat yourself on the back.

Mr. MacNICOL: I do not need to pat myself on the back; I have done things.

Mr. JOHNSTON (Bow River): If you sit there and listen to things you will get along much better.

Mr. KUHL: All the hon. member knows is that which he has seen inside his own little shop.

Mr. JAQUES: You have not done it all.

Mr. KUHL: To come back to the subject—

Mr. JAQUES: If you are willing to learn a little—

Mr. MacNICOL: It was not a little shop.

Mr. KUHL: The hon. gentleman had five years in which to do something.

Mr. MacNICOL: I did a lot in those five years.

Mr. KUHL: He failed miserably as far as employing people is concerned. The hon. gentleman has made the statement again and again that he is a great employer of people. I want to tell him that if that is the premise upon which he runs his business he may be a good philanthropist, but he is a poor business man. No business man operates his business for the sake of hiring people. Let him put that in his pipe and smoke it.

Mr. MacNICOL: The only person my hon. friend has ever employed was likely someone to run a lawn-mower.

Mr. KUHL: The only reason the hon. member ever hired any man was to make the greatest possible profit for himself.

Mr. SPEAKER: The argument should be addressed to the Chair.

Mr. KUHL: The point I am endeavouring to make, Mr. Speaker, is that we must have a sound understanding of what constitutes a sound premise, and unless we base our actions on sound premises we shall get nowhere; we shall end up in chaos. I am satisfied we are not going to be helped by any such measure as this so long as it is predicated on the assumption of employment. I repeat that a large number of hon. members assume that it is the duty of industry to employ people. I say that I challenge that position. It never was the duty of industry to employ man-power.

Mr. MITCHELL: What is its duty?

Mr. KUHL: The only sensible, sane and sound function of industry is to produce goods, and that alone, whether it takes man-power or not.

Mr. SPEAKER: Order. I have been looking through the bill that is before the house. I wish the hon. member would refer me to the section of the bill which deals with unemployment; I cannot find it.

Mr. KUHL: Mr. Speaker, the relevancy is this. The bill proposes to reestablish ex-members of the armed forces and others. It has been indicated by all hon. members thus far that the means of reestablishment in civil life is to be employment. I am endeavouring to indicate that if that is the only means to be used to reestablish ex-members of the armed forces and others we are going to fail in achieving our objective. That is the relevancy. I was saying that I challenge the statements and the proposition that it is the duty of industry to employ ex-members of the armed forces or anyone else. I said that the only logical function of industry is to produce the greatest possible quantity of goods and services with the least amount of work and trouble. I challenge anyone to refute the soundness of that premise.

Mr. MacNICOL: Nobody will be bothered answering.

Mr. KUHL: Because the hon. member has no answer; it is too sound, that is why.

Mr. FRASER (Peterborough West): It is not a question of duty; it is a question of consumption after it is produced.

Mr. KUHL: The hon. gentleman is learning fast. He is much more advanced than the hon. member for Davenport in that respect. I grant what the hon. member has indicated, and we in this corner have pointed out on innumerable occasions that the problem which will confront the nation in the post-war world is not one of finding employment for the ex-service men or any others, but one of distribution. We did not have the problem of production prior to the outbreak of the war. There were goods on every hand and the shelves were filled up with them. There were ample supplies of every commodity. The problem we were faced with was one of distribution. That will be much more the case when the war is over. That is the problem to which both the government and the official opposition ought to be directing their atten-

tion. Thus far in this bill as well as in others the only means of distribution which has been suggested is employment of people. The term used is, "work-creating jobs". I am endeavouring to point out that the distribution of goods which will be available in Canada after the war can not be accomplished by providing employment; for in the first place I say it is impossible, and in the second place I say it is undesirable.

I wish to put one or two figures on the record, particularly for the benefit of the hon. member for Davenport and of all others who think like him, with regard to the situation that confronts us in industry. I have repeatedly made the statement that we are living at a stage in our economic history in which the power machine has displaced human labour to the point where the number of hours of work necessary to produce a high standard of living in Canada is far less than what is indicated by most people to-day. Most people to-day think in terms of working an eight-hour day. The fact of the matter is that the substitution of solar energy for human energy has taken place to such a point that the number of hours necessary to produce a high standard of living could be much less than eight hours a day.

Mr. SPEAKER: I have directed the attention of the hon. member to the fact that we are dealing with a bill to reestablish soldiers, and I asked him the degree of relevancy he attributed to the remarks he made in regard to employment. He is now going farther afield in what he is proposing to do. I have already given an indication that it has no bearing whatever upon the terms of the bill. The explanatory note of the bill reads as follows:

> The purpose of this bill is to establish a department of veterans' affairs under the direction of a minister of veterans' affairs who shall be responsible for the care, treatment, training, or reestablishment in civil life of ex-members of the armed forces and of persons otherwise engaged in pursuit relating to the war, and for the care of the dependents of such persons.

It does not deal with the question of unemployment. Therefore I must rule that the remarks of the hon. member are entirely out of line with the terms of the bill.

Mr. KUHL: Do you not agree, Mr. Speaker, that the question of reestablishment involves the employment of members of the armed forces in the post-war world? Is that not the case?

Mr. SPEAKER: Their reestablishment in ciivl life, yes. The board will be charged with the responsibility of reestablishing veterans in civil life, but I take it that the board will not be responsible for the employment of these men, nor will it have anything to do with the question of industry being capable of absorbing them. That is a subject which may be discussed on some other occasion, not in connection with this bill.

Mr. KUHL: I am sorry, Mr. Speaker, but really I cannot follow your reasoning, because if the reestablishment does not depend upon employment it must depend upon something else.

Mr. SPEAKER: I cannot allow any discussion of my ruling. I may say that I gave a great deal of consideration to the point while the hon. member was speaking, before I interrupted him.

Mr. KUHL: Well, sir, I shall conclude that portion of my remarks simply by saying that I am heartily in accord with the objective of this bill. No one could be otherwise. Those members of the armed forces who will be so fortunate as to return to Canada, one of the greatest countries in the world, certainly will be worthy of a way of life the like of which we have yet to see. But I must say with regret that I am convinced that neither this bill nor any other measure either on the order paper or on the statute books will provide such a standard of living. I believe that we must raise our sights as to what constitutes a genuine way of life far higher than anything we have done in the past. In years gone by our life has consisted of the somewhat sordid task of merely making a living; and I sincerely believe that the nation's heroes, as well as its civilians, should be permitted to enjoy life as an art. We must reorganize our whole national life so that our efforts will be directed to the art of living rather than to the mere making of a living. At this stage of our economic history it is not only possible for the people of Canada to enjoy a high standard of living as far as material things are concerned; if we organize our national life properly it is physically possible for people to enjoy a good deal of leisure time, during which they may give expression to their creative instincts. That is an aspect of our national life which I am afraid has been greatly neglected. Through the laws which have remained on our statute books we have obliged our people to spend most of their time in merely thinking about the next meal. In the post-war world this country should provide a very high standard of living in material things with a much shorter work day, perhaps as low as four hours, with a per capita income much higher than it is at the present time. Certainly this country can provide in material things an income of well over $4,000 a year

for a family of four. In addition, I believe that not only members of the armed forces who return but all people should have a much greater opportunity to become a cultured, leisured people than they have had in the past.

I should like to have developed this point more fully, but I may have the privilege of doing so on another occasion.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. A. J. BROOKS (Royal): Mr. Speaker, the bill which is before the house for consideration is evidently of great importance and, I think, meets with quite general approval by the members of the house, judging from the speeches already delivered. I have not had an opportunity of studying the bill in particular, having arrived only yesterday in the house, but I have read it over and from what I can see I believe it will meet not only with the general approval of hon. members but with the approval of the public.

As was said yesterday by one hon. member, the establishment of a Department of Veterans' Affairs is possibly long overdue. All the legislation in connection with veterans' affairs passed since the last war has met with change after change. It has been a sort of evolution. I am satisfied that this department will be one of the most difficult departments to administer. It will have to do with human affairs, and we all know that when you are dealing with such matters you run into more difficulty than when you are dealing with more abstract things. I think it is wise to have all possible plans made as soon as possible. On many occasions criticism has been offered in this house because of the lack of preparation after the last war. But we should remember that the last war came to a very sudden end in 1918; it ended much more quickly than was expected by the contestants or by the people generally. That may happen in this war, although that is something we can only hope for rather than expect.

I have heard it said at different times that the men in the armed forces are thinking keenly of what is to happen when the war is over. I have had considerable to do with the armed forces during the last four years, and personally I do not think I can state what these men are asking for or what they are thinking as far as the after-war period is concerned. But I do know that what is uppermost in the minds of the men of the forces at the present time is the winning of the war. That is their first consideration and great determination. Another matter which is giving them considerable thought is the question of reinforcements, or whether or not well-trained men will be available to give them sufficient backing in the great task which lies ahead of them.

The men in the armed forces are prepared to give some advice and they are giving splendid advice at the present time. But they realize, as do hon. members of this house and the country in general, that a great responsibility rests upon the members of parliament. They expect us to make proper provisions. They realize also that a responsibility rests upon the people of this dominion. I was surprised to hear one hon. member say this afternoon that the returned men are not looking particularly to industry for jobs.

The men in the armed forces hope that when this war is over there will be jobs for them. They know that the only way in which jobs can be provided is through industry. As the hon. member said, industry is for the production of goods, but goods cannot be produced without work. These men are hoping to obtain this work from industry. They believe that the government should see to it that they are given preference as far as work is concerned, not only by the government but by industry as well.

We who served in the last war remember how difficult it was for some to obtain positions after that war was over, but I believe that at least eighty per cent of the men who served in that war found employment when they came back. I do not think they were any burden upon this country. They did not want to be a burden. They were satisfied if they could obtain work through their own energy. I am sure that eighty or ninety per cent of the men in this war will come back and will rehabilitate themselves to as great an extent as did their fathers before them.

But there is always a minority which must be looked after. There are many men who give splendid accounts of themselves when they are fighting the enemy, but who do not seem to have the same success in fighting the battle of life. This country owes a great debt to those men and we must see that they suffer in no way. The question of pensions has been discussed fully in this house. A pension is not compensation, and I do not think the country or the government looks upon it as compensation to the men who have served in war.

I would ask this question of hon. members: How many of you would be willing to accept $50,000 for your right leg or right arm? How

many hon. members would accept $100,000 for their eyes, or for the complete destruction of their nervous system? There is no price that would pay us for the destruction of our mentality. How many of us would accept any amount of money as compensation for the loss of a limb or any of our faculties? Therefore I say that a pension is not compensation to these men who have been wounded or disabled, because nothing compensates a man for the losses I have just mentioned. The men are hoping that if they have losses the pensions given them will provide a decent living, decent homes and decent opportunities for their wives and children. That is one of the things they feel should and must be provided for them.

Then, so far as the men themselves are concerned, they feel—and I say the country should feel—that they should be made as comfortable as possible under the circumstances in which they find themselves. Men returning wounded and maimed do not live normal lives. Most men like to join in certain activities such as sports, fishing, hunting, camping and so on. The wounded men are denied these privileges. For this reason we must, we should—and I know we do—take a very sympathetic attitude. We realize we owe a great debt.

The legislation which has been brought down in the house in the twenty-five years following the last war, and during the four years of the present one, should be good. There is no question about that. I believe that if one were to compare the legislation in Canada providing for rehabilitation, pensions and the like, with similar legislation in other countries he would conclude that we have done very well in this country. If there has been any weakness—and I know there has been—it has been in the administration of that legislation. The men who have been acting in administrative capacities have not always approached their task with what might be described as a humane approach. Possibly they have carried out the letter of the law, but they have not always carried out its spirit. Nor have they carried out the intention of members of parliament—and I believe we are all humane in this respect—or the intention of the public in general.

I should like to pay a tribute, if I may, to the Canadian Legion and to the other war organizations which have done so much for returned soldiers from 1919 until the beginning of this war, and during its progress. In those years the men in these organizations have picked out the flaws in whatever soldier legislation has been brought before the house. I know the Minister of Pensions and National Health (Mr. Mackenzie) and other ministers have been helped immeasurably by the contribution these organizations have made.

Someone has said that men who were in the last war are getting old, and that the younger men who have taken part in the present war will have to take their places. That, of course, is a natural conclusion; but I know the men in this war will feel that the advice of many of the men who fought in the last one can be used to good advantage, and I am sure advantage will be taken of it.

There have been difficult cases; we hear about them in the house. But of the hundreds of cases which are not difficult we hear very little. I am sure that only the difficult ones are brought to the minister's attention, and that he hears very little about the cases which have been worked out successfully under our legislation. This, again, to a great extent is due to the hard work performed by men in the Canadian Legion. I have had to handle many pension cases, but when I find a difficult one I usually send it to a representative of the Canadian legion, or to some other veterans' organization. I find they look after such cases much better than I can.

Another organization which comes under this legislation is the soldiers' land settlement board. Much has been said in this debate about the inequalities brought about by this board, and unfortunately, most of what has been said is true. The greatest attention should and must be given to settling men on the land. I think we might say, speaking generally, that the act passed at the time of the last war was not a success; there were many failures. Possibly there were reasons for those failures. No one could foresee what was going to happen. While failures occurred, still I am satisfied that those who tried to formulate the act did the best they could at the time.

After the last war I happened to be engaged for a few years in my own province as school inspector, and as such I had good opportunities to see how the act was working. In many cases good land, buildings, stock and machinery were provided. But the price paid, was too high, and the men could not make a success. Another question which entered into the matter was the lack of farming experience of the men who were undertaking the work. Then, these men were also placed on farms in isolated districts. They were away from schools, telephones, churches and other social organizations. If we have learned from the experience of the past we shall see to it after this war every consideration is given to placing these men on farms where they will have

at least the social amenities and that they will have an opportunity of living normal lives.

Another mistake that was made was that, not only were the men inexperienced in farm life, but their wives were girls who had come from cities and towns. Many of them had come from the old country, and had not had experience either in working or in living on our Canadian farms. The hon. member for Battle River (Mr. Fair) spoke about giving clear title to the men who are in debt on the farms. I believe that matter was also discussed by the hon. member for Portage la Prairie (Mr. Leader). I agree wholeheartedly with what both these hon. members said.

Another matter upon which I should like to touch for a few minutes is the rehabilitation grant. I do not think that at the present time a sufficient grant is being given to the men who are discharged. A man is asked if he has a job, and if he says that he can go back to work he is given one month's rehabilitation grant, and is discharged from the army. I contend that no matter whether he was a carpenter, a farmer, a lawyer, a barber, a painter—no matter with what profession or craft he may have been connected—one month's rehabilitation allowance is not sufficient. Those men, upon returning, must enter into competition with others who have been doing that work for the three or four years the soldiers have been in the army. Their tools may be considerably worn, and they are not given enough money to buy new ones. If they turn to farming work they will have to purchase stock. Some of the men would have to stock farms which they had left three or four years ago and which have not since been cultivated. All these things would take more than one month's pay. In some cases two or three months' pay would be required, and in my view some provision should be made to give the men a larger grant than is permitted at present.

Yesterday the hon. member for Parkdale (Mr. Bruce) spoke eloquently about hospitalization. That is a subject he is well qualified to discuss. Apart from his criticism respecting some of the hospitals, it is within my knowledge that in Canada hospitals which have not been satisfactory have been used in the last twenty-five years. An hon. member spoke to-day of men going to hospitals and having to wait for doctors. I do not know whether, as the hon. member suggested, they were having afternoon tea or morning tea, but I agree with him that there has been a good deal of difficulty in this connection and that men have had to wait.

I suggest to the minister that these hospitals should be located in the finest surroundings it is possible to find. For men who are under hospitalization, the hospital is their home; it may be their home for years, and the very best conditions are none too good for them—not in some crowded urban area, but in a beautiful location, preferably where men can enjoy, in part, country surroundings and, in part, the amenities of city life.

I should like to know from the minister whether the care of war graves is provided for under this measure.

Mr. MACKENZIE (Vancouver Centre): It comes under the department now. We have a special director of war cemeteries, who was appointed within the last six months.

Mr. BROOKS: Is that for overseas graves?

Mr. MACKENZIE (Vancouver Centre): No; for graves within Canada.

Mr. BROOKS: Why not also for graves overseas?

Mr. MACKENZIE (Vancouver Centre): After the last war the matter was placed under the Imperial War Graves commission, upon which body we had a representative or two from Canada.

Mr. BROOKS: Is that arrangement still in force?

Mr. MACKENZIE (Vancouver Centre): It is. Colonel Osborne is on that commission.

Mr. BROOKS: It seems to me that overseas graves might well have been included in a measure which relates to soldiers' affairs.

In past years in this chamber I have listened to considerable criticism concerning what has been done for returned soldiers and their dependents. We realize that not sufficient has been done in the past, but we also wonder whether hon. members or others who have criticized, during the past twenty-five years, the provision which has been made, could have done any better. The Pension Act and other measures on behalf of returned men have been in course of evolution; they have been tested and improved throughout all these years. I wonder whether twenty-five years ago those who are so critical to-day could have produced a perfect act. We know that the Pension Act has been amended time and time again; other acts in the interests of returned men have also been amended a great many times.

The treatment of soldiers after the great wars of recent times has been far from generous. As a matter of fact the veterans of Greek and Roman times were probably treated better than the fighting men of later days.

Kipling points out that men are acclaimed as heroes during war time, but when the war is over, little attention is paid to them. After the Crimean war many soldiers were reduced to begging for a living. We know, too, the appalling conditions under which they lived during that great campaign. After the South African war, land grants were given to the volunteers who returned, but these men were exploited so far as their grants were concerned and very little money reached them from the sale of their lands. The great war was the first occasion when any real effort was made, at least by the parliament of this country, to see to it that the soldiers received justice and fair play. As I have said, a great many mistakes were made, but I believe that the people of this country and parliament representing the people made a real effort to deal justly with the veterans. As far as this war is concerned, there can be no excuse for this parliament or for the people of Canada if everything is not done that should be done with regard to the rehabilitation of returned men.

I ask the indulgence of the house to illustrate and emphasize the fact that in the past men who should have received great consideration were neglected. I have before me a copy of a soldiers' magazine, published in Yarmouth, Nova Scotia, called *On Parade,* June, 1944, edition. It contains an article dealing with the first V.C. in British America. I wonder how many members of this house know that the first Victoria Cross awarded to a Canadian was won by a man of the name of Hall, the son of a slave. Hall was born in April, 1827, at Newport, Hants county, Nova Scotia. The article, which is written by Robert B. Blauveldt, describes how, in 1852, Hall became a Royal Marine on board His Majesty's Ship *Rodney,* on which he served throughout the Crimean war. In 1856 he joined the British ship *Victory,* and, after the outbreak of the Indian mutiny, he served in India, where General Sir John Inglis, also a native of Nova Scotia, was besieged in the Residency at Lucknow by an army of 50,000 sepoys. The garrison, reduced to a mere handful, were in desperate straits when help arrived. General Sir John Campbell, in charge of the relief force, decided to send from one of the ships a gun close under the walls in an effort to open a breach in the walls. The crew proved to be one man short, so that Hall, in charge of another gun, volunteered to fill his place. One after another the gun crew were killed under the murderous fire of the natives, until only two men, Hall and a Lieutenant Young, the latter badly wounded, remained to serve the gun. In the recital of the circumstances under which Hall won his V.C., it is said:

[Mr. Brooks.]

Finally, in one of the most supreme moments in all the age-long story of human courage, Hall fired the charge which opened the walls and enabled the British forces to push through to the relief of the garrison and, ultimately, to the quelling of the mutiny and the restoration of peace and order to India.

For this signal courage and devotion to duty Hall was recommended for and received the Victoria Cross.

In 1901, when the late King George V visited Halifax, Hall was honoured by being given a carriage in the procession, but soon afterwards he was forgotten. Three years later, in August, 1904, he died, and was buried in Hants county, Nova Scotia. The writer of the article goes on to say:

But to the everlasting shame of his native province—and, in fact, of the great empire which he had so nobly served—his mortal remains lie in an unmarked and neglected grave, under a tangle of bushes and briers, its exact location unknown except to the very few who have taken a personal interest in preserving the memory of one of an ungrateful country's greatest heroes.

I bring this to the attention of the house simply to show that we have come a long way as far as attention to our fighting men and recognition of our heroes are concerned. But I also bring this incident to the attention of the house in the hope that a great wrong, in the disregard of the memory of this brave man, will be righted. I hope that some historical society or some other organization in Canada will see to it that his memory receives fitting attention.

I think we should look to the future and not to the past as far as building up our institutions is concerned, so that our post-war world shall be built on a firm foundation. We must provide greater services, greater leisure, greater security, greater opportunity for our returned men and also for the people of our country.

Mr. J. W. NOSEWORTHY (York South): I associate myself with hon. members who have spoken in favour of this bill to coordinate all the work pertaining to the veterans of this and the former war. Since the war began, more than 2,000 young men and women who passed through my classes in two schools in the years immediately preceding the war joined His Majesty's forces. As I listened to the news of the invasion last week I could not help thinking of the care-free life which those boys and girls lived, of their ambitions and their hopes, which they were forced to abandon on receiving a higher call to duty for their country. For their sake particularly, I am keenly interested in any legislation that will provide for their future welfare. I never see or hear from one of them without being asked what we at Ottawa are doing to prepare for their return to Canada. A great responsibility rests

upon us here at this particular time. In no way can we show our gratitude for the work which they are carrying on at the present time better than by passing legislation that will grant them security after they return.

Two things are required of us: first, that we do everything humanly possible to contribute to their success during the war; second, that we do everything possible to make conditions in Canada worthy of the sacrifices they are making.

I should like to join with other hon. members in complimenting the hon. member for Vancouver North (Mr. Sinclair). In the light of the grand fighting speech which he made on behalf of our men in the forces, I am quite ready to overlook even his political gibes at this party. If the effect of his speech upon the members of the treasury board were anything like its effect upon the private members of the house, I would say he did a good day's work for his comrades.

I associate myself also with the hon. member for Battle River (Mr. Fair) in his fight for those veterans who secured land in western Canada after the last war, to obtain for them a clear title to that land. I had the privilege of meeting and talking with a deputation representing those veterans, and as I studied their brief, it appeared to me that the government would have been just about as far ahead if it had given those men free titles to the land to start with. The cost to the government has come very close to eating up all the income that the government has received from that project.

I think a good point from which to begin my speech would be to go back to a resolution adopted by the Liberal convention on August 7, 1919, a resolution on pensions moved by the present Minister of National Defence (Mr. Ralston). I think the house should recall that resolution:

> That such pension or allowances be granted as shall enable the soldiers or their dependents as the case may be to maintain a liberal standard of living sufficient to guarantee health, education and all the necessities, comforts and amenities which go to make up a standard of living worthy of Canadian citizenship.

Incidentally, I may say that the word "liberal" in that resolution is spelt with a small and not a capital "l". That was on August 7, 1919. We have only to contrast with that resolution the facts regarding the treatment of men in the last war as borne out by history. I know of many scores of veterans of the last war to whom I would be ashamed to show that resolution to-day. What are the facts? Can we wonder that, as the hon. member for Vancouver North stated, the confidence of the people in promises of governments and political parties is at a very low ebb at the present time. Governments since 1919—and this goes for both Liberal and Conservative governments—failed to provide adequately for the rehabilitation of able-bodied men who returned from the last war or to take ample care of those who came back incapacitated and disabled.

We talk about conditions under which no one who takes part in this war shall be worse off for his having done so. I wonder how many there were who took part in the last war who did not suffer by reason of the fact that they served their country. I need not dwell at length on the extent to which both governments failed to rehabilitate the men who returned, nor need I elaborate upon the extent to which both governments failed to provide adequately for those who were disabled. The fact is that vast numbers of men who fought in the last war are to this very day in need of the necessities of life. I know of instances in my own riding. I have taken some of those men to the chairman of the pension board, who was ready to admit that the men were entitled to more than they were getting, but said that there were cast-iron regulations which prevented him from doing for those men what he felt was the country's moral obligation.

Mr. BLACKMORE: Liberal regulations too.

Mr. NOSEWORTHY: More than, that, there are men, scores of them, who have returned from this war who are this very day in need of the necessities of life, in need certainly of that which would give them a standard of living worthy of a Canadian citizen. I know some of those men personally. I have sent some of those cases to the minister's department.

Hon. members have already referred to the fact that the act, as most acts do, provides for the setting up of regulations by the governor in council. In the days when I taught school I thought I knew what governor in council meant. Since coming to Ottawa I have come to the conclusion that governor in council, in most cases, means a group of civil servants or members of a regulatory board. I wonder how many of those regulations are actually made either by the minister or by his colleagues. I thought again during the years when I taught Canadian history that government was subject to the will of the majority of parliament. I have been forced to reach the conclusion that this is scarcely true; that regulatory bodies can make regulations and that these regulations can remain in force, although every member of the cabinet must know that the desire of the majority of the

members of parliament are opposed to some of the regulations. I cited a couple of instances a few nights ago; I am going to refer to them again. I doubt if there is a private member who would support on the floor of this house the practice by which an old age pensioner's pension is reduced because his son overseas has assigned pay. I doubt if any private member in this house would support that principle; yet that practice, because it is a regulation, remains in force from day to day and many pensioners suffer thereby.

I wish to make a few general observations. We should realize once and for all that we cannot discharge our obligations to the men who are serving in this war by granting some cash pittances and then leaving them to fend for themselves. I think we all realize that at this time our obligations go much farther than that. To care for those disabled in the war and the rehabilitation of those who return able-bodied is, I believe we all recognize, the responsibility of the government. The cost of that care and rehabilitation must be considered as a part of the cost of the war. We shall not have paid for this war so long as an active participant in it or one of his dependents requires aid or rehabilitation; and just as we have been generous in providing all the material needs that it is physically possible for us to provide for the winning of the war, so we must be equally generous in providing for the human needs that arise out of the war. Just as we have never held up the production of anything material to the war on the excuse that there was no money for that job, so must we never permit one who has suffered because of participation in the war to go in want of any of the necessities of the life on the flimsy excuse that we as a nation cannot afford the expense. The country that can afford to spend $25,000, $35,000 or $40,000 for the training and equipping of young men for war can ill afford to let that man come back to civil life and go in need of anything that is essential to a standard of living worthy of Canadian citizenship.

Other hon. members have already referred to the word "pre-enlistment." I suggest that that word be deleted completely from the pension department's vocabulary. Thousands of veterans in this country to-day will recall their disappointment when on coming before the pension board they were informed they were non-pensionable because their physical disability was a pre-enlistment one. It is unfortunately true that men coming back from this war are still being deprived of pensions for the same reason. I have in mind one man in particular who was declared by the pension board to be non-pensionable because his disability was a pre-enlistment one. The man had a back ailment. I saw certificates, statements from former employers, showing that that man had been employed in firing a railway locomotive, working on a dock, working in a lumber yard, and they all bore evidence to the fact that in no case had he been unable to work because of any illness or weakness; yet his disability is declared to be pre-enlistment. I wish to join with those hon. members who have stated already that we should accept the principle that where a medical board has given a recruit the classification A-1, when that man comes before a pension board there should be no question of any pre-enlistment disability.

For a few moments I should like to deal with the training and educational programme of the government. I would suggest—I think there is need of this—that the department prepare a statement setting forth all the educational opportunities in every field, vocational and academic, to which a returned man or woman is entitled with government assistance. There may be such a record already, though I have been unable to find one. I am asked constantly by boys who are interested in improving their educational status whether this or that course is available to them and for how many years they may hope to get assistance in connection with their education. I believe that these educational opportunities should not be limited too rigidly, either because the young man or woman concerned did not give evidence of a desire to follow a particular course before enlistment, or because the length of service was not sufficient. Many of these boys have now spent four years away from Canada. Thousands of them left high school to enlist; others had not gone beyond public school. To-day who is to say what courses these young men would have followed in those four years if they had been permitted to live normal lives in normal times? We cannot give them back those four years which, from the point of view of gaining an education, are the most precious years of their lives. We can, however, give them every encouragement to make good that loss as far as that may be possible, and we should see to it that it is financially possible for them to do so. I urge that we should place no obstacle in the way of their getting whatever education they have the ability or the desire to obtain.

The hon. member for Vancouver North (Mr. Sinclair) made it quite evident that in his opinion no returned man should be required, either while undergoing training or until such time as he could get a job, to live on less than the pay and allowances he received while in the forces. This should be

the case particularly in connection with all those up to army lieutenant or equivalent rank. I want to join with the hon. member in asserting that until the country is able to provide that man with a job, under no circumstances should he be required to live on less in peace time than we were willing to pay him in time of war.

I shall not delay the house by taking time to go into further detail. As other hon. members have said, very little research is required to discover that even the present $65 clothing allowance—which is so much better than the previous $35 allowance—is much too low to enable a returned man to secure a complete outfit of clothes at present prices. I am sure any investigation would show that anything less than $125 or $150 is inadequate. I should like to relate the rehabilitation programme to the entire reconstruction programme, but Your Honour ruled that discussion out of order when a previous speaker attempted to deal with it. Therefore I shall close with a couple of quotations, the first from General Sir Archibald Wavell, spoken in Cairo on January 1, 1941:

> Have you ever thought what a world we could make if we put into peace endeavours the same energy, the same self-sacrifice and cooperation as we use in the wastefulness of war?

The second quotation is by the Vice-Premier of Czechoslovakia, Jan Masaryk, as reported in the *Saturday Evening Post* of January 3, 1943:

> Sooner or later we shall have to adjust ourselves spiritually and intellectually to the changes produced by this material revolution and reshape our institutions accordingly. In the field of economics the supremacy of the common good, as contrasted with selfish gains by a few, must be recognized and furthered by concerted national and international, private and public action.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I wish to add my contribution to this debate which has to do with the setting up of a Department of Veterans' Affairs. I shall not detain the house at any length, because I am not going to repeat what has been said already during this debate by other speakers and in other words; what I wish to say is along perhaps somewhat different lines. I could never figure out why there should be any extended debate on the question of giving anyone security. I could never understand why there should be any argument to it, and this is particularly true in connection with those in our fighting forces who have offered their lives on the altar of sacrifice. Surely, if anyone in this country deserves security, it is these men who have offered their lives for their country. There should be no argument about it. This sort of bill and subjects of this kind seem to involve a tremendous amount of debate. There can be only one reason for that. As far as I can see the government are not prepared to go as far as the members of this house think they should go in giving to these worthy men of our fighting forces the adequate security we think they should have.

I have listened to hon. members who have preceded me and I was much taken with the speech yesterday of the hon. member for Vancouver North (Mr. Sinclair). I could not help feeling that perhaps he should be with this group over here. He manifested some of the attitude toward monetary matters which this group has been recommending for a good many years. However, I think he was a little bit off in one or two things he said. For instance, he said that the policy of the government, his government, this government in power to-day, was that what is physically possible and desirable should be made financially possible. That never has been the policy of the Liberal party of this country.

We have been preaching that policy in this house for a good many years. As a matter of fact I think I can say without any fear of contradiction that that phrase was coined by none other than Major C. H. Douglas, one of the great world exponents of social credit and, I think I can say also without fear of contradiction, one of the greatest economic minds of the age. The hon. member for Vancouver North said that that was the policy of his government. If there was any semblance of truth in that, it has not been because this is the policy of the government; it is because the circumstances of the war have forced the government's hand to do financially what they were never able to do before. At least if they were able to do it, they refused to do it. The hon. member for Vancouver North also said that no financial obligation should stand in the way of the government giving our returned men that which is their due. I think we shall all agree with that. When the hon. member made that statement, by whom was he applauded? He was applauded by all the members on the opposition side. I noticed particularly that that statement was not applauded by members on the government side of the house.

Mr. REID: Oh, yes, it was.

Mr. HANSELL: Someone over there on the Liberal side says, "Oh, yes, it was." I shall have to take his word for it, but all I can say is that I am not hard of hearing and I did not hear it.

Mr. REID: All I can say is that I am speaking the truth.

Mr. HANSELL: I accepted that. May I suggest to my hon. friend that it is the one lone voice crying in the wilderness.

Mr. REID: No; there were two of us. You are wrong again.

Mr. HANSELL: Well, there were two. I am sure that is a glorious record. What was the statement? The hon. member for Vancouver North said that no financial obligation should stand in the way and I am told now that two Liberals applauded that statement. If there was ever a truer statement made than that I should like to know what it is. Applying that statement to this bill to establish a Department of Veterans' Affairs, I contend that if that department is established and is to be subjected to financial limitations, it will end where all other departments have ended, far short of the objective the people of this country want.

We know what happens under the present administration. We know that when a department desires to put over a programme—I am not complaining about its desires—it is subjected to the dictates of the treasury board. If the treasury board say, "We are sorry, we have no money," that ends it. It does not make any difference if the programme is physically possible or if it is desirable; if they say, "We have no money," that settles the question. I am wondering if a thing of that kind should be. As far as I am concerned, the whole thing is wrong. The fact of the matter is that the government should be able to do anything that is physically possible. Anything that parliament desires and moves that is physically possible, then the department or the government should say, "Very well; we are the servants of the people; you represent the people and we will do this; we will not let any financial limitation stand in our way."

One or two speakers have said that if this department is to be set up it must be provided with the proper machinery. I have no argument to offer there because I think that is so. But if that is all that is so, then it will fall far short of the mark. If it is administrators that we want I declare that you can get them in Canada for a dime a dozen. You can get the best administrators in the world. You can get the men who are at the head of industry, at the head of our financial institutions; if you like you can get the men who are at the head of our political movements. Put them all together; give them charge of this department, and if they do not have enough money they will fall down absolutely on the job.

I have not heard a great deal of criticism about the administrative ability of the present Minister of Pensions and National Health (Mr. Mackenzie), and I have no criticism to offer of him as an administrator. However, I do not know that he is doing any better than any other cabinet material, either in the Liberal party or in any other party. We go to the Minister of Pensions and National Health and we say to him, "We notice that you are giving so much for clothing to our soldiers; we notice that you are giving them so much for allowance on demobilization; do you really think that is enough?"

Mr. MACKENZIE (Vancouver Centre): Neither of those two allowances is from this department.

Mr. HANSELL: All right. Whether it is the minister's department or not, we will suppose it is for the sake of illustration. We go to him, and say, "Do you think that is sufficient?" He may say "yes," or he may say "no." I fancy he would say "no."

Mr. MACKENZIE (Vancouver Centre): I will say "no" now.

Mr. HANSELL: However, I will not put words in his mouth. My next question would be, "Would you not like to give them more?" Of course he would say "yes." He has said he did not think it was enough. Then he would say, "Of course, I would like to give them more." "Well," we say, "why do you not?" What is the answer to be? There is only one answer, and that is, "Well, I am sorry, but the fellow higher up won't supply me with enough money."

The trouble is not in the administrative machinery. There may be a cog loose here, or a cog loose there, but I do not think the trouble is with the administrative machinery. The trouble is, always has been, and always will be under this or any old-line party administration, or any other administration subject to the present financial power, "Where are you to get the money?" That will be the trouble with any administration working under a debt economy.

There is not a great deal to offer when we talk about the kind of administration we should have. If my car stalls on the road I do not get out to see if the bumper is on wrong, or if the licence plate is hanging straight or if the windshield wiper is working. If the car stalls I want to find out what is fundamentally wrong. I want to see if the ignition works or if the gasoline is flowing properly. In examining legislation of this kind —and this applies to all post-war reconstruction, and matters of that kind—if there is

anything wrong with it when it is set up there is no use in going to this man or to that man or to the other man. Look for the fundamental error; and if the error is that there is not enough money, then let us admit that fact and either supply the money or put someone in power who knows where to get it.

I have just one further observation to make. I trust that people are not going to be fooled by this new department, or by the government's action in setting it up. There is a tendency to say, "Oh, this is a great thing; we are to have a new department of government, and it is to be known as the Department of Veterans' Affairs. That is a great thing; now we shall begin to go somewhere." I think I had better say that you are not going anywhere you have not been before. The setting up of a new department does not for one moment guarantee that our returned men will be cared for adequately. It is just another piece of machinery. The best way to show that the government means business is to start with the soldiers of the last war, many of whom are still in need, and with the soldiers who are now coming back from the present war. This does not need another department. Let us see that the government means business. When we see that the soldiers are treated better we shall know that the government means business. All the new departments in the world are not going to convince me or the legion or anybody else, unless they can show the people that this thing is being done.

I say, in closing, that it will not be done until the vital principle of the social credit philosophy, namely, that of making that which is physically possible and desirable financially possible, is accepted. Make the figures fit the facts.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, the purpose of this bill is to create a department which will be responsible for the care, treatment, training and reestablishment in social life of ex-members of the armed forces, and of persons otherwise engaged in pursuits relating to the war, and for the care of dependents of such persons. This is a laudable purpose, but it is entirely covered by the present act. The unfortunate thing is that the present act is not applied as it should be. There were legitimate grievances of the returned men and the men who have been discharged for one reason or another, and instead of those grievances being corrected we are told that a new department will be established. It is an old wagon with a new coat of paint, and with the old driver in the seat. There is practically no change, except that the matter has been studied very carefully by some zealous members.

But, sir, there is an easy way to correct these wrongs. To do so one has to come down to earth, come down from the clouds and try to improve the conditions of the returned men. I regret having to repeat the same thing so many times. I have a soft thought for the minister, a congenial and likable man, much more so than some of his colleagues. In fact, he is so congenial that he could share that quality with them, and still keep enough to be well liked by all. How many times must I repeat that it is absurd not to give pensions to men who deserve them, or to men who have been promised pensions by the minister?

I hold in my hand data respecting regimental number D-554528, C. H. Pelletier, of Rivière-du-Loup. This man was riding a motorcycle in the bush for the first time, in process of doing some commando training. He was in company with a corporal. The motorcycle was then put on the road in high gear. The man in question sat on it, and as soon as he was in the saddle the corporal removed the clutch, with the result that the motorcycle went off at full speed and struck a tree. The man's leg was broken in three or four places, and he also suffered injuries to his spine. My understanding is that the leg was badly broken, and one or two inches of it were broken like dust. He went to the hospital, and his leg was in a plaster cast for several months. Then I had the promise of the department that he would have a pension in August. He went several times to Quebec. He can hardly walk; his wife asked for a pass, but it was refused. Finally, upon my advice, he reported to the doctor, came back, and got nothing. He repeated this several times. It is evident that this man was badly hurt while in the service through the guilty carelessness and criminal negligence of a non-commissioned officer, and is entitled to a pension. I have the promise of the minister, who writes me very fine letters about the matter, but nothing comes from the pension department for this man. It is a sad case. When I meet him I give him something. Although my means are limited I try to help him, but what I can give him is negligible. The other day he came to my office and asked me to write a letter to his bank manager to say that I am working to obtain him a pension. "Tell him," he said to me, "that you are trying to get me a pension. I owe him $25 but I cannot pay it. My wife works a little; I cannot work at all. I hope that, with a letter from you, the bank manager will grant a renewal of my note."

At a time when we hear so much about what is to be done for the veterans, why not begin now? There must be a start. When will the start be? Will it be made only after

the war is over? That is absurd. A beginning should be made now. There is no excuse for the pensions branch not paying a pension to that man. To-day is June 15; I was told by the minister in August last that the man would have a pension; but the board are so stubborn and their attitude is so unbelievably absurd that, as recently as last Monday, when I met this man on the street, walking with difficulty, and asked if he had got anything, he said, "no." One reproach which was made against him was that he did not go to the hospital when the doctor told him to. But he had been there for months. He had a conversation with a doctor in Quebec city who, having told him that it was useless for him to take hospital treatment, afterwards told him that he should go there. So that soldier said, "If it is useless for me to go there, why should I go?" He needs the means wherewith to live, but so far he has got nothing.

Here is another case, of E-621922. I have a big file here dealing with this case, which is that of a man named Yvon Belanger. He had pleurisy in one lung. While he was in the army he contracted pleurisy in the other lung, imputable to his service, since it occurred while he was in the service. He was told to resign from the army, and that he would have an opportunity to go home right away. This is the policy of some doctors, especially of the pensions branch.

Mr. MACKENZIE (Vancouver Centre): Oh, no.

Mr. POULIOT: It is not the pensions branch, but it is the practice in the army. As I said, this man was told to resign, and that he could then go home immediately. Upon my suggestion he refused to do that. I advised him not to resign, that he had full rights to a pension, and that it was a crime to deprive him of it under the pretext of saving money for the country. He is now at his home in Rivière du Loup. He is sick; when he leaves his bed he has to sit in a long chair on the verandah or in the sunroom, and he cannot work. He has received no pension, and how long it will take for him to get a satisfactory answer from the department I cannot tell. But here is a man who is surely entitled to a pension. I have a letter from the pension officials in which it is admitted that the man suffers from pleurisy, but it is said to be an affection of anterior origin; that is, prior to enlistment, aggravated during service in Canada but not entitling him to a pension under article 11 (2). The interpretation given to that section by the pension board is inhuman. They say that his disability was incurred prior to enlistment. That is perhaps true as regards one lung, and it is a reason why this man should never have been accepted in so high a health category. But the pleurisy in the other lung was contracted during his service, and for that reason he is entitled to a pension and also to all the care necessary to restore him so far as is humanly possible to the same condition he was in prior to his enlistment. His case was turned down by the pension board, with the right of appeal, but when any man appeals from the board he has no success.

Mr. MACKENZIE (Vancouver Centre): That is not right.

Mr. POULIOT: It is my experience.

Mr. MACKENZIE (Vancouver Centre): That is not correct.

Mr. POULIOT: I will ask the minister not to speak like this, because—

Mr. MACKENZIE (Vancouver Centre): I state facts.

Mr. POULIOT: I have here the case of a veteran who could not walk and who was given no more than $3.75 a month as a pension, an amount so small that he had to get a special allowance by way of compensation. I brought this case to the attention of the minister, who agreed that the ruling was absurd, and helped the man to get a small allowance which gives him a chance to live. This case is on record. How can a man who is sick, who can hardly walk, live on $3.75 a month? The minister understood the situation. I do not blame him; I blame the system, and I want a change. I do not see why there is no change there. I have received letters from doctors who have protested that I have been uncharitable to them on some occasions, but when I say what I do I have no interest at all either in praising doctors or in saying that they are unworthy of their jobs in the army. The only ones I am interested in are the soldiers, the sailors and the airmen who come to me wanting to be cared for. They will not wait for the millennium to be well looked after. It is now they have to be looked after. When a man is in the army, and when one considers the money that is spent for the war, there is no excuse for not affording that man, for not affording every man in the army, the treatment he has a right to expect there.

I have discussed the matter with friends, in the most friendly way possible, in the expectation of securing satisfactory results; and if a medical doctor finds that I am exaggerating in complaining of the way in which soldiers have been dealt with there is the case of E-630952, Private L. P. Beaulieu. I have taken that case up with the parliamentary

assistant to the Minister of National Defence (Mr. Macdonald), who is most helpful, and I say that with great pleasure. It is one of my great satisfactions to tell my hon. friends the good I think of them. But here is the case of a man who suffered from his heart. He was a fellow in delicate health, an accountant for the Fraser company at Cabano, but the doctors decided that he was fit for the army, although, as I say, he suffered from his heart, and when he passed before the board—I have the information here—the specialist mentioned that he was suffering from his heart. But that was erased by the chairman of the board.

Mr. MACKENZIE (Vancouver Centre): Which board; the discharge board?

Mr. POULIOT: It was the first examination before going to the army. It was the army, and I mention that fact to my hon. friend the junior member for Halifax.

Mr. MACDONALD (Halifax): That case is under investigation.

Mr. POULIOT: I know, but there is a pension attached to it. That is why I mention the case now, and I thank the hon. gentleman for what he has done already and will, I hope, continue to do. The situation is something unbelievable, and when some members express surprise at the fact that members of the army in the Quebec district leave their unit, very often there is a reason for it. That man was ill, and yet on account of the fact that the note from the specialist was erased, his record was white, and he was sent to his unit. He said that he was tired and the sergeant told him that he was all right, that he was just a faker, just because the fact that he was suffering from his heart had been erased by the chairman of the army board. He was sent to bed. He asked for a doctor. He could hardly speak, but he asked for a doctor and they refused him a doctor. He asked for a priest. They did not have a priest; the chaplain was in the camp. The next morning they found him dead. They may say that these men are not sick, but when they are dead they cannot be resuscitated, and that is what I complain of. I complain bitterly that there are some doctors who are kept in employment, and I was insulted by the Minister of National Defence because I was defending the underdog, a soldier. I was insulted by the penguin of Vancouver and the Eccles Gott of Fraser Valley because I was fighting for my men. There is no power on earth that would prevent me from defending my people and trying to get better treatment for them, and when I say that I say it with the knowledge of my responsibility. There is no reason for such treatment as I have mentioned.

The other day I referred to the case of young Horniblow in Toronto. His number was B-621503, a classical case. I was deeply touched, because his father and mother took the trouble to transcribe the whole file in their own hand. There is a case where the doctors of the camp in Halifax should be punished, should be demoted. We should get rid of them. Why at times do I express the idea that I do not believe in some of the so-called measures for the future? It is because I do not see how the civilian population will put up with the medical treatment from some of the blacksmiths that are in the army. There are some good doctors, but those good doctors never miss an opportunity to defend and protect those who are no good. There must be an end to that unbelievable solidarity. I trust the parliamentary assistant to the Minister of National Defence, and I am ready to pass all these files to him. He will be impressed by the fact—

Mr. MACDONALD (Halifax): There was a very full investigation of the particular case to which the hon. member is now referring.

Mr. POULIOT: I know that, but it was a whitewash, the same as there was a whitewash in Fredericton.

Mr. MACDONALD (Halifax): The conclusions reached were quite proper and I have no doubt, with reference to that particular case, that the medical officers had acted quite properly and that there was no negligence attributable to them—if that is the case to which the hon. member is now referring, the Horniblow case.

Mr. POULIOT: I will not discuss it now.

Mr. MACDONALD (Halifax): That case has nothing to do with the department of pensions.

Mr. POULIOT: No; it may be so, but to show my good faith I will lend the file to the hon. member.

Mr. MACDONALD (Halifax): I have seen the file.

Mr. POULIOT: In spite of what my hon. friend has said, that case has a bearing on the discussion, for this reason. It is my view that when a man is put in category "A", when he is admitted into the army and is afterwards put in a lower category, it means that he has contracted some disability in the army, and it is most important that that examination should be made with care. In my humble view, a man who is in good health when he goes into the army, and who is not so well, or is disabled, when he is discharged has a right to be compensated by the government for that.

There was the case of another man who suffered from lung trouble. He contracted a cold that was not well looked after. He received no pension. His number is E-621251. There was also the case of Alfred Levesque, No. 23203. He is a veteran of the last war. I shall send this file to the minister. Parts of it are in French. I have letters from the parish priest. I have no secret to keep from anybody. This is an open book. I prefer to handle the matter in this way in order to put the least possible on the record. I still expect that some improvements will be made.

Then I have the case of Moise Robillard, C-10542. He was at Christie street hospital. He has been discharged. He has had very little. There is a connection between the medical examination in the army and the right of a soldier to a pension. Then I received a letter from the Canadian Anti-Vivisection Society, Victoria, British Columbia, with regard to the case of a man named Reuben W. Carlier, who died at Neepawa, Manitoba, after an injection of toxoid. He was a British airman. These cases come from all over. I am sending a copy of this letter to a doctor who complained that I was too hard on the medical faculty. I hope that the minister will take up these cases and will see to it that the thing is corrected so as to give the soldiers some faith in the future, and so that they will not lose confidence. At the present time such treatment has a very bad effect. All those men who are not treated as they should be have relatives and friends. This is all known to them. It has a very bad effect on recruiting and on the morale not only of the unit, but on the people who are at home, the relatives of those men.

What about other cases? There was a man who was totally deaf. He was put in category "A" in Quebec on September 12, 1939. He was put in category "E" at Sussex, New Brunswick. He was again placed in category "A" on June 6, 1941, and in category "E", five pulhems at Dartmouth in December 1943. When he was examined in Quebec city he was O.K. But when he was examined more carefully at other places such as Dartmouth and Sussex on two occasions he was placed in category "E". Those are many things that require correction and I hope that it will be done at once.

The minister has the power to instruct the officials of his department to do their duty properly to the men in the service, and to notify his officials that if they do not do so, if they do not act in accordance with the letter and the spirit of the law, he will fire them. I do not want the death of the sinner; I want his conversion. It is the last time that I shall say that with regard to the department of pensions.

The men in my county have been treated very badly. When I spoke to some hon. members from Ontario they said that they were satisfied with the treatment the men had received here. How is it that it is only in the province of Quebec that the men do not get the treatment they have a right to expect from the pension board? There are reforms to be brought about in the army and in the department of pensions, as well as in many other places. Reforms in the department of pensions are the most urgent and I trust that the minister will see to it that those men are better treated.

Before concluding my remarks I wish to refer to another case which seems to be unusual. There was a big man that I have known, and unfortunately I have already mentioned this case without any success. His number is E-100257. He was a very strong and powerful man. He was on guard in Quebec city. He was given shoes that were too small for his feet. He could not wear other shoes. He asked for some but did not get them. He had to wear the regulation shoes. He tried to wear them for some time, and they hurt his feet so badly that he can hardly walk and sometimes he cannot work for two or three weeks in a month. This is cruel and inhuman. What did that man have? It was true that he suffered very much; it was true that this came on during his service. His disability was assessed at five per cent for bronchitis and five per cent for a scar on his right foot. However, the commission ruled that the bronchitis was of pre-enlistment origin, not aggravated during service and that, therefore, no pension was payable in respect of it. The pension was paid at five per cent, effective from the day of his discharge in respect of the disability from the scar on his right foot. The letter from the commission reads:

> As you, of course, know the assessment of disability is on direction of the medical advisers of the commission. In Mr. Cloutier's case we consider the award of pension in accordance with his degree of disability. I regret I cannot give you a favourable reply.

That is unfortunate. It is not true. Imagine what this poor fellow who enlisted voluntarily had to suffer! He was there on guard voluntarily. He had a right to have shoes that were fit for his feet. He asked for the shoes. Evidently they had some, but he could not get any. He could not buy regulation shoes anywhere. He did not want to steal any. He made an effort to remain on guard wearing shoes that were too small. He thereby injured his feet, which is acknowledged by the com-

mission. Finally he received a small amount as a pension, although at times he cannot work for two or three weeks in a month because his feet swell and he cannot wear any shoes. The minister is a kind-hearted giant—I say that very seriously. I hope that he will be moved by these facts which deserve full consideration. Those men are well known to me. I have tried to help them, and I am getting tired of repeating the same things over and over again. However, I do it for a good cause and in the hope that these wrongs will be redressed in the near future.

Mr. L. A. MUTCH (Winnipeg South): Mr. Speaker, the success or failure of the Department of Veterans' Affairs has depended in the past and will depend in future on the understanding of the problem which such a department is designed to meet. We cannot hope to accomplish very much if we attempt to legislate for personal and individual cases. Perhaps in connection with no subject commonly discussed in this house is it easier to dramatize the discussion, because whoever speaks has lying ready to his hand all the elements of tragedy, and we must always guard against drifting into emotional fields. But we have twenty-five years of experience to guide us and, as a result of that experience, a classification of the problem, an understanding of which I think is essential if any discussion with respect to veterans' problems is to be helpful.

The indisputable fact is that from the outset it is essential to separate veterans' affairs into two divisions. The first division is that concerning responsibility for those members of the services who have suffered disability in mind or body and who are or in the course of time will become pensioners. The record of Canada with respect to veterans disabled in the last war has been good. It is not good enough to say, as one hon. member said the other afternoon, that it is good only in comparison with previous experiences, which were exceedingly bad. The treatment of pensioners in Canada, with those unfortunate and inglorious exceptions with which we are all familiar, has been better than the treatment afforded to disabled veterans by any of our allies in the last war, and represents a type of world leadership of which we can be very proud. The second division includes all those who were on active service in any of the services. Following the last war that was a particularly vexed problem, because we had no experience. Even at that we produced the veterans' allowance board, which I submit was the most advanced legislation in the world dealing with the responsibility of government for those who had not suffered disabilities which could be established and pensioned.

Not only did we lack experience in the period following the last war; but those veterans who had not suffered noticeable and easily detected disabilities began to fail in their attempt to provide for themselves, just about the time this country entered the greatest economic depression which Canada and, in fact, the world had ever seen. Throughout that period we had discussion as to where the responsibility lay for those veterans who were not pensionable but who were destitute. In the beginning the responsibility was held to be local. As the problem became progressively greater, the responsibility became provincial and eventually, when it reached its full magnitude, there came a realization that the primary responsibility lay with the federal authority. All through that discussion, which dealt with the problem of destitution generally, it was argued—and with that argument I agree—that the responsibility for those who had been on active service was indeed federal, since the soldiers of Canada did not fight for a province but fought for the dominion.

This principle of governmental responsibility having been accepted as to the first division, relating to pensions, it seems unreasonable that the same general principle should not apply in the second division, dealing with all those who were on active service. By the same token, then, the loss of seniority in a job, the loss of a skill, the sacrifice of productive years and the invisible wounds of the spirit, though they be not pensionable, are indeed the responsibility of the national government. In a desire to spur successive governments following the last war, and particularly in recent times, to avoid the errors which occurred then and the failures; we have had expressed in this house great concern and fear for the future, fears which to my mind are not warranted by the record of the past. As a result we have induced in the minds of many of our people who are serving, and many of our people at home, a degree of trepidation which is not warranted by the history of our legislation. Approximately 600,000 Canadians served in the last war, of whom about 225,000 were Canadian born. The remainder fought as Canadians and brought imperishable honour to Canada as Canadians. Those who survived returned to Canada, and the history of how they became absorbed into the life of this country is not such as to warrant the oft-repeated criticisms of that post-war period. When we consider what the veterans of this war will return to I think it is worth while to study for a moment or two the conditions to which those who came back from the last war returned. Thousands of them had been less than five years in Canada. They had no homes, no jobs, and many of them had but

very few friends. In my own experience I know of a little town where, of the first eleven men who enlisted, ten were not Canadian born. They had no homes and, in reality, no stake in the community. Seven of them returned, all of whom after a little time, with no other inducement than their own determination to be independent and to have a stake in the country of their adoption, succeeded in reestablishing themselves. All in all, in spite of the conditions that existed, we did not do badly.

The situation which will greet our returning soldiers this time is vastly different. More than ninety per cent of those in the services to-day were born in Canada and will return to their own homes. I have said that those who returned from the last war did not do badly. The proof of that statement is to be found in every community, in the long list of veterans of that war who are now the leaders, the backbone of business, of church and of state. It is to be found in the record of their children, their sons and daughters who serve in every branch of Canada's war effort to-day. I know there were those who fell short of the achievements I have mentioned, some through their own fault. Some were exploited commercially, some were exploited politically, some were caused to suffer by bad legislation, and more perhaps by the poor interpretation and administration of good legislation. Well-meaning people who might have helped to alleviate the situation were cowed by the depression and the period of economic scarcity, and much less was done than we think could have been done under those conditions. But the conditions which prevailed in those depression years were more than a veteran problem.

The shadow of those years still darkens the hearts of parents and it dulls the hopes of youth in the service. I am sure it haunts the minds of honest employers who turn their attention to these problems in industry and consider what is to come again. The other day the hon. member for Vancouver North (Mr. Sinclair) suggested a policy and practice by which any veteran would be allowed to train on the same economic level as that on which he was trained for war. I venture to say that that suggestion is unanswerable; yet before we concur in it in its entirety there are questions to be answered, and I should like to propose some of those questions to-night.

How and by whom is the veterans' aptitude for training to be measured? We must remember that in the service he was trained for a specific job. Will his training be geared to his own desire or to his measured aptitude for the task? Will he be obliged to commit himself as to where he plans to use his newly acquired or retrained skill? Will his choice be governed by information made available by adequate surveys of the opportunities in his chosen locality? If it is to be a question of, "What would you like to do and what would you like to train for; here is a living while you train," how will the job balance be maintained not only in the community in which he lives but throughout Canada as a whole?

Something is being done with respect to this problem. To-day the soldiers returning to the various depots to be discharged from the Canadian services are interviewed first by the army examiners with whom they became familiar in the service. Part of the document known as WD-12 is prepared in conjunction with the officers of the Department of Pensions and National Health. This is a positive document which records the man's achievements in the service. It fills in the gap mentioned the other day by the hon. member for Vancouver North when he was referring to Lever Brothers, and their problem of getting information about the man's service. I am glad to say that this particular document is available in most districts to those officers of selective service whose duty it is to classify these returned veterans for positions in civil life in their community.

I should like to think and I would hope that that information, the appraisal part of that document, will be part of the record of the soldier which goes into selective service in the district to which he desires to go. Better still, I should like to see discharged veterans, both male and female, carry with them a record of the skills they have acquired, the training they have had and the advancement they have undergone during the period of their active service.

Not so long ago the Minister of National Defence for Air (Mr. Power) stated that the returning personnel from the services did not want to be pampered. He might have added that they are not going to be fooled by demagogues who dishonour them by bidding for their support. Fortunately, between the two wars we in Canada have been singularly free from that kind of political jobbery with respect to veterans. It is my hope—and I see some indication that this hope may be realized—that this condition will continue in Canada and that we shall not have that type of bidding which dishonours but does not fool the people at whom it is directed.

Before we go into the second division dealing with the responsibilities of governments to the returning personnel who come back with-

out having suffered actual disability or damage in body or mind, we should perhaps make some estimate of the service they have performed. It is idle to say that everyone who volunteered did so with the idea of giving his life for his country. The man who volunteered no doubt realized that he might be called upon to make the supreme sacrifice for his country and he expressed the courageous willingness to do so, but that is not the only thing that motivated the men who enlisted. They went active for a variety of reasons. Sometimes there was a patriotic urge to do something about the despoiler of civilization; sometimes they did so through sheer boredom; sometimes it was hunger; sometimes there were other personal reasons. I once interviewed a man who was doing his one thousand, one hundred and seventy-first day of detention over a period of three years. Rather abruptly I asked him, "Why on earth did you join the army?" He said, "Frankly, to get away from my wife."

That was an exceptional case, but I think it illustrates the danger we may get into if we consider this problem from the purely sentimental point of view of enlistment. There is a debt upon us to every one who volunteered for active service, no matter from what impulse, a debt which can never be repaid. Consequently it is more important that we should concern ourselves with those debts which can be repaid rather than to try to assess one man's or one woman's service as against another's with lesser service or in a different theatre of war. I should regret to see anything get into our legislation which would tend to create that discrimination.

This question of the obligation of the state to those who perform the highest duties of citizenship involves more than that. It has been raised already in this house. It involves some attempt to fix the differential between those citizens who do their duty in active service and those who do their duty in any other capacity for which they were capable and to which they were physically limited. I think it is hopeless to try to do that by legislation. This is one place where we must trust administration to attempt to draw the line between common sense and sentiment.

This department which is being set up—it is really not a new department—must cooperate in a large way with local committees and local employers. I think this can be illustrated by giving the details of a case. A boy at the age of nineteen was making $90 a month as a valued employee of a large concern. To-day he is a lieutenant in the army; he has reached the age of twenty-four, is married and has one child. He leaves the service and desires to go back to the firm where he worked previously. However, he has no skill or training which would make him valuable in any better capacity than the $90 a month job he had before.

This department, in conjunction with the employer, or, where there is no employer, in conjunction with selective service, should devise some system of part work and part training. I know that is being done. With that cooperation a chap of this kind could work while training himself for a job which would be suitable to his capabilities and which would support himself and his family in adequate fashion. For such procedure I, for one, would hold up both hands for the suggestion of the hon. member for Vancouver North. In the case of planned training for a specific job there can be no reason and no excuse for paying less to the man in training for that job than he received when he was being trained for a specific job in active service. Unless this training is tied up to a specific job-opportunity, or at least based on established knowledge as the result of known opportunities in the locality in which he elects to live, then I am apprehensive that few more than the two or three per cent who at present take advantage of training will really be willing to take the training.

I think we talk too much in general terms when we speak of change, training and adjustment. We speak as though only by some upheaval of the conditions in which these men lived before they served could we hope to accomplish anything, or could any good come. I am inclined to think that if as many Canadians were looking boldly forward to-night as there are looking fearfully behind, this shadow of fear for the future of rehabilitation and reestablishment would pass from us. And, if by being fearful we inculcate fear in the minds of our returned youth in Canada we are doing them a great disservice.

If we train our returning youth to grasp security with both hands we shall never reach, or rise to the heights which some of us, at least, may have visualized for the future of Canada. Let us then care first for those who have suffered damage, and enable them to establish themselves in a way that they may not suffer as a result of that disabling incapacity. Having assured this, then perhaps if we fight and work for a new Canada which will give new opportunities as well as security, and, if we meet to-day's problems in an adequate and satisfactory manner such as will give hope and confidence to those who are returning, those who will return and those who wait for others to return, we shall have undertaken for the moment the main duty and

the greatest opportunity of the newly-reconstituted department. At a later time, when we are in committee on the bill, I shall have something further to say with respect to some of the problems which arise because of the difference between the conditions in the last war and those in this one.

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, this bill is described as an act to establish a Department of Veterans' Affairs. My understanding of the work of this new department is that it is to be responsible for all matters concerning war veterans. The Prime Minister (Mr. Mackenzie King) made that very clear when he moved the resolution preceding the bill. These were his words, as they are reported at page 2102 of *Hansard:*

Parliament is anxious to make the fullest provision for all matters that are likely to arise which may have a bearing upon their interests—

That is the interests of the veterans.

—through the period that is to follow at the conclusion of this terrible war.

Then the Minister of Pensions and National Health (Mr. Mackenzie) used words to the same effect, and in the same debate, as follows:

. . . the idea being that all measures affecting generally the welfare and rehabilitation into civil life of the members of our forces will be embraced within the ambit of the measure which will follow upon the resolution which is now before the committee.

So that I propose this evening to review this bill, having in mind that question, as to whether or not it is broad enough to enable the new department to deal with all matters of concern to war veterans.

I believe the house is unanimous in wishing to make the bill broad enough and modern enough and realistic enough to accomplish that purpose. This is one of those occasions, which are not so rare as the public believe, when all members of the house are trying to do a good job, and are cooperating to see that this bill is the best possible measure that can be enacted by the parliament of Canada.

Looking at the bill, and having in mind the test as to whether or not it meets the problem, I find several weaknesses which I consider fundamental. I believe they are serious weaknesses, and I urge upon the minister and the house that amendments be brought in to strengthen these weak spots in the bill. The first weakness, to my mind, is that the bill seems to have the approach of the last war. It reads as though it had been drawn by men who fought in that war. I am one of those men myself, and I think there is a grave danger that those of us who served in the last war are apt to judge everything by what happened to us. The fact is that conditions in the present war are vastly different, and there is need of a new approach.

I say that this bill has been drawn, having in mind the war of 1914-18. If members go through it carefully they will find that it closely resembles the Soldiers' Civil Re-Establishment Act, which is chapter 187 of the Revised Statutes of Canada, 1927. That was a measure which set up the first department to deal with soldiers after the last war. Furthermore, this bill is almost identical with part I of the Department of Pensions and National Health Act, passed in 1928 as chapter 39 of the statutes of that year.

Then, the duties, powers and functions given this new department under the bill are not wide enough. They are set out in section 5, the opening words of which are these:

The duties, powers and functions of the minister shall extend and apply to the administration of statutes enacted by the parliament of Canada, and of orders of the governor in council, as are not by law assigned to any other department of the government of Canada or any minister thereof—

And these are the key words:

—relating to the care, treatment, training, or reestablishment in civil life. . . .

Those are the key words. They do not go far enough. I say that the section should cover such things as rehousing the men in the present war. That is a very serious problem, and one which presents one of the greatest difficulties for the men returning from the war, particularly those who are married. As we know, many thousands of Canadian sailors, soldiers and airmen have married overseas. I have here a clipping from the Vancouver *Province* of June 7—about a week ago; it is headed, "Soldier Looks for House", and then, in quotation marks, "Sorry I Ever Came Back". The article goes on to say:

"I'm sorry I ever came back to Canada," is a familiar lament at the national housing registry these days, say officials here as 63 discharged servicemen and their families look for a place to live.

Most of the men have seen service on the battlefield. One was a prisoner in a Japanese prison camp.

The article then refers to one discharged man who belonged to our famous Seaforth Highlanders of Canada and who had been disabled overseas. He came back with his wife and three-year-old daughter, had been in Vancouver since May, and, the article states:

. . . since then they have been living in damp housekeeping rooms or separate boarding houses.

"We were happy in England," he said. "We had a little cottage in Surrey, with a garden, and chickens and rabbits."

A card telling about post-war rehabilitation plans was given to him on discharge. "But how do we get them?" he said.

He is only one of the hundreds who are having the same difficulty.

Therefore, I say, Mr. Speaker, that power should be given to the new department under section 5 of the bill to deal with the re-housing of soldiers. It will never be adequately dealt with by any other department.

Another matter is that of the repatriation of the dependents of our men from Great Britain. This will be one of the great problems affecting veterans of the present war. Already men are being sent back and discharged as unfit; yet their wives and children cannot cross the sea to their new homes in Canada. That, too, should be handled by this Department of Veterans' Affairs. It will never be adequately handled if it is the responsibility of any other department, because with another department the operation would be only a side-show, and if it did not get the last consideration it would be very close to the last.

Mr. MACKENZIE (Vancouver Centre): May I ask my hon. friend a question? Does he not think that repatriation is essentially a function of the defence services?

Mr. GREEN: No; I think the rehabilitation—

Mr. MACKENZIE (Vancouver Centre): No; repatriation.

Mr. GREEN: The repatriation of the dependents of our men in the forces should be under this Department of Veterans' Affairs rather than one or other of the defence services, or the Department of Mines and Resources, where it is now—the immigration branch.

As to gratuities, the speech from the throne this year stated that during the present session a measure was to be brought down to provide war service gratuities. The session is drawing to a close; yet that legislation has not been introduced. Each day is important, because each day men are being discharged in Canada, and discharged without an adequate gratuity, with the result that they are handicapped just that much in settling back into civilian life. I suggest that these war service gratuities should also be handled by the Department of Veterans' Affairs, and that power so to handle them should be set out in the present bill.

I come to the question of employment. There is nothing in section 5 which gives the department power to deal with the matter of employing veterans. It is true that power is given to deal with their reestablishment, but that is only the beginning. A man may be reestablished when he comes back, and then in a year or two he may be faced with unemployment. Those of us who were in the last parliament know what a terrible problem that was in the years from 1935 to 1940; and as the hon. member for Winnipeg South (Mr. Mutch) has said, most of us became convinced that the care of these men was the responsibility of the dominion government. Sooner or later the question of who is to be responsible for finding work for unemployed veterans will come up again; and I suggest that power to meet that difficulty should be conferred in this bill upon the Department of Veterans' Affairs.

Also there should be power under section 5 to advise veterans. That is not set out here. At the present time there is no adequate provision for advising them either as to their rights and privileges or as to their opportunities. I know there are government officers whose duty it is to find out what jobs men are most likely to be suited to, but we must go farther than that. This department should be responsible for advising the men as to the occupations which are most likely to be open; and that, of course, would mean close collaboration by the various departments of government—munitions and supply, which would have to give some idea as to what types of manufacturing are to be carried on after the war, and other government departments. At the present time, I understand, these men get no idea of what types of jobs are likely to be available; they are simply asked what they would like to be and then, perhaps, given training for that particular calling. But we must go very much farther, and must advise them where there are most likely to be jobs.

Strangely enough, the one change made in section 5 is to delete from that section the power to care for the dependents of these men of ours who are coming back from the forces. In the Pensions and National Health Act of 1928 the last words of section 5 were, "and to the care of the dependents of such persons." I can only believe that these words were left out of this section by an oversight. Certainly that power should be given to the new department. Allusion to the care of dependents does appear in several other sections of the bill, but not in this key section 5.

Strangely, too, there is no mention in section 5 of pensions—no power given to the department to deal with pensions. That was not in either of the other acts to which I have referred. I do not suppose it is material, because the department will have to deal with pensions, anyway, but I suggest that words giving the power to deal with pensions should be inserted in section 5. If that change is made, perhaps the minister would consider using, instead of the word "pension," the

words "war disability compensation," or words to the like effect. The use of the word "pension" may convey to some people the notion that the recipient is getting something for nothing, whereas if the words "war disability compensation" were used, one is reminded of the workmen's compensation, and it gives an entirely different idea

Mr. MACKENZIE (Vancouver Centre): Would that terminology apply as well to dependent's pension—for instance, to a widow?

Mr. GREEN: Well, perhaps different words would have to be used in that case, but the minister understands the idea I am trying to convey.

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: So much for suggestions with regard to the powers of this department. I think they can be made adequate only by an amendment of section 5 of the bill.

Then I suggest that in the bill provision should be made for the honorary committees which have already been appointed across Canada to assist in the rehabilitation of the men coming back from the war. I believe that these committees are doing good work. They are serving on an honorary basis, and I know that in my home city of Vancouver these men are trying very hard to help in the reestablishment of the soldiers who are coming back. But there is no mention of such committees in the bill, and I would point out that in the Veterans' Assistance Commission Act, which is chapter 47 of the statutes of 1936, provision was made for these honorary committees. The minister will find it in section 7 under the heading, "Honorary Local Committees". It provided that the veterans' assistance commission—

. . . with the approval of the minister, may appoint honorary local committees, composed of persons resident in any locality willing—

(a) to assist the commission in obtaining information relating to veterans which may be required for classification of unemployed veterans.

This act, by the way, was passed when we were faced with the need of finding employment for many thousands of veterans of the last war.

(b) to investigate and report to the commission upon measures and means in respect to the employment of veterans;

(c) to assist the commission in enlisting the cooperation of employers' and employees' associations as well as of such other public and private agencies as may be in a position to provide employment for veterans;

(d) to aid the commission in any other way in carrying out the provisions of this act.

[Mr. Green]

We already have honorary committees established to aid in rehabilitation, and I suggest that they should be given statutory recognition.

Provision should also be made in the bill giving the minister and the new department authority to cooperate with other governmental bodies and agencies. Similar power was given to the veterans' assistance commission. The minister will find that in section 9 they were given the job of investigating and reporting to the minister upon—

. . . ways and means of cooperation between the commission and

(a) any other commission or department of the government,

(b) any provincial government or agency thereof,

(c) any veterans' association,

(d) any commercial, agricultural or industrial group or organization.

The act went on to say that it was the duty of the commission to cooperate with these various other bodies. I am confident that if some such provision is inserted in this bill it will make it all the easier for us to get results. The Department of Veterans' Affairs will certainly have to cooperate very closely with such other dominion departments as national defence, munitions and supply, and labour, and, I think, also with the provincial governments and the veterans' associations, and with commercial, agricultural and industrial groups across Canada.

These suggestions I submit for the purpose of meeting the first great weakness in this bill, and I hope that the minister will see fit to adopt at least some of them before the bill becomes law. The second weakness in the bill is this, that the new department is not limited to veterans' affairs. I think it should be limited to looking after matters that concern war veterans. Goodness knows, these matters are going to be numerous and difficult enough without giving this new department any other job to do. When I refer to veterans, I include men of the merchant navy. I heartily agree with the statement made to-day by the hon. member for Cape Breton South (Mr. Gillis) about the merchant navy being treated as a fourth arm of the service. They are so considered by His Majesty the King, and all of us feel that they are in the war just in the same way as the navy, the army and the air force.

Mr. MUTCH: Except that they cannot shoot back.

Mr. GREEN: Yes; that is correct. We would have lost the war without them. I am of the opinion also that such men as those in the auxiliary services and the Canadian

corps of fire-fighters should be given similar treatment; all those men who are really serving with the forces should be included in the bill. They should be treated in the same way as the men in the forces. I was very much struck by a letter received from one man in the auxiliary services actually serving with the troops in Italy. He came back from a tour of the line to find a notification in regard to his income tax. All the men in the forces overseas are free from income tax, but these other men in the merchant navy, the auxiliary services and the corps of fire-fighters are not. This is the letter this man wrote:

> The information in regard to payment of income tax was conveyed to me in December, 1943, while serving on the battlefront. It was imparted to me at a most grotesque time, when I had just returned from a point where the fighting was desperate, where the dead were lying by the side of the road and in the streets of a certain town and everything was foul and there was a terrible stench everywhere. I came back and was told that because I was only a camp follower I had to pay income tax. It might be a good idea to ask whoever was responsible for the issue of the decree to come out with me and share my work for a month or two.

These men of the legion, the Y.M.C.A., the Knights of Columbus, the Salvation Army are with the Canadian troops in France to-night, and yet they have to pay income tax. That is not right. These men, and the other groups to whom I have referred, should be treated as the men of the forces are. But this bill goes farther. Hon. members will find in the explanatory note the following words:

> The purpose of this bill is to establish a Department of Veterans' Affairs under the direction of a Minister of Veterans' Affairs who shall be responsible for the care, treatment, training, or reestablishment in civil life of ex-members of the armed forces and of persons otherwise engaged in pursuits relating to the war, and for the care of the dependents of such persons.

In section 5 we find the words "of any person" after the words I have quoted previously in my remarks. The similar section in the Department of Pensions and National Health Act referred to men who had served in the forces. This goes farther and refers to "any person". And by the way, the section might be considered broad enough to make the new department responsible for all vocational training of civilians, soldiers and anybody else. It could be construed in that way.

Mr. MACKENZIE (Vancouver Centre): Is it not the intention to protect the very services my hon. friend mentions?

Mr. GREEN: That may be, but if that is the intention they should be named in the Pension Act and in this bill, so that there can be no uncertainty about what their rights are. Then the same words in effect are found in section 7, subsection 1, paragraph (b). This paragraph is entirely new. The section gives the minister power to make regulations; paragraph (b) reads as follows:

> . . . respecting the care, treatment, or training to be furnished in any such hospital, workshop, home, school or other institution and providing for the care, treatment or training therein of such other persons as may be deemed advisable.

That could not be wider. I submit that the bill should be confined to veterans. The same thing is found in paragraph (g) of subsection 1 of section 7. This is the way it reads:

> . . . for the payment of pensions out of moneys provided by parliament for the purpose to persons who, while rendering service to Canada in the prosecution of any war, suffer any injury or disease or aggravation thereof resulting in disability or death not otherwise pensionable or to the dependents of such persons.

I clearly realize that the men and women working in our war factories have to be reestablished; that their need is great. But that should be done by another department, probably by the Department of Labour. I do not think it will work out to have the reestablishment of veterans and civilians put under this new Department of Veterans' Affairs.

Mr. MACKENZIE (Vancouver Centre): That is not the intention.

Mr. GREEN: The minister says that it is not the intention. I suggest that he change his bill so that the next minister, who may be in office within a few months, will not be led astray by the terms of the paragraph.

Mr. GRAYDON: He has to be a little more careful now.

Mr. GREEN: The third serious weakness in this bill is this paragraph (g) of subsection 1 of section 7, which I have read. It, too, is entirely new. It provides for pensions by regulation of the minister approved by the governor in council. That is a dangerous provision. Any right to pension should be statutory. It should not depend on any order in council or the whim of any minister. Furthermore, it may go so far as to enable the minister or the department to give a pension to favourites or to people who should not be entitled to them at all. I cannot understand why the government brings down a bill which contains this entirely new principle. I submit it is a very dangerous one. The Pension Act should clearly define who is entitled to a pension; it should not be left to any order in council. We have a good illus-

tration of just what happens when there is this type of provision in the working out of section 11, subsection 3, of the Pension Act. That is the section which enables the pension commission to give a pension when a man cannot prove entitlement to it under the act because the insurance principle was taken out of the act, but where he is hard-up and has suffered a certain type of disability.

Mr. MACKENZIE (Vancouver Centre): Will my hon. friend read the first few lines of the paragraph, which are:

. . . for the payment of pensions out of moneys provided by parliament for the purpose to persons who . . .

In other words, it is sanctioned by parliament before the minister can act.

Mr. GREEN: Paragraph (g) is a new principle and should not be brought into the pension legislation of Canada, but I was referring to the—

Mr. GRAYDON: Parliament has to authorize the payment of all moneys. That is not what the hon. member is referring to.

Mr. MACKENZIE (Vancouver Centre): For specific purposes.

Mr. GREEN: I suggest that the minister should not close his mind to this—

Mr. MACKENZIE (Vancouver Centre): No.

Mr. GREEN: —but should give my suggestion careful consideration. If he did that, I think he might find that he is wrong.

Mr. GRAYDON: I think he is weakening a bit now.

Mr. GREEN: I am not so sure. I was mentioning how this business of being indefinite as to who gets a pension works out under section 11, subsection 3 of the Pension Act. When the minister's estimates on the war appropriation bill were being considered he told us, as reported at page 3068 of *Hansard*, that up to the end of December, 1943, 977 pensions had been awarded under section 11, subsection 3. In practically all cases that applies to men who had served only in Canada. The total number of pensions awarded to men who had not served outside Canada was only 2,658, and that figure was up to February 29, 1944, some two months after the prior figures; all of which shows that a large proportion of the pensions awarded to men who have served only in Canada were not granted as of right, but granted under this clause which gave the commission discretion; between one-third and one-half were granted under the discretionary clause. I consider it an escape clause for the department of pensions from obligations which should be undertaken by them.

The fourth fundamental weakness in this bill is that it leaves the door open for appointments to the staff of the department on a patronage basis. That is found in section 7, subsection 1, paragraph (c).

Mr. MACKENZIE (Vancouver Centre): I announced yesterday that that was to be amended.

Mr. GREEN: It may be amended, but will it be amended to remove the possibility of these appointments being made on a patronage basis?

Mr. MACKENZIE (Vancouver Centre): Absolutely.

Mr. GREEN: Then we shall see when we check the new amendment as it is brought down.

Mr. MACKENZIE (Vancouver Centre): That was announced yesterday.

Mr. GREEN: As the bill now reads, this provision is another blow at the merit system in the civil service of Canada, a blow in the case of a new and important department which will have many employees, which will face frightfully difficult problems, a department which we hope will be staffed by young Canadians, men of high ideals, men who are willing to sacrifice their lives for the country.

In connection with this fourth weakness in the bill may I suggest to the minister, as several other members have suggested this afternoon, that young men of the present war should be appointed to responsible posts in the new department. I think they should be given some of the executive posts, and some of them should be made members of the Canadian pension commission. Perhaps we old soldiers are good enough to deal with the problems of the men of the last war, but I think something more will have to be provided to meet the problems of the men of the present war. I strongly recommend to the minister that he see to it that many of these young men are included in the staff of the new department. Provision has been made by the civil service commission for the calling for applications from men overseas for government appointments. I think they should be used particularly in the case of this department.

Those are the weaknesses that I see in the bill and the suggestions that I have to remedy them. In closing, I would point out to hon. members that the re-settling of our men from the forces is a very broad and difficult problem. The possibilities for good or ill to Canada in

connection with the work of this department are almost boundless. I believe that one of our main responsibilities as a parliament is to see to it that these young men get a proper start upon their return to civil life. I believe, further, that the future of this nation will shortly be in the hands of these young men and women from our forces.

Mr. SHAW: Mr. Speaker, there is not the slightest possibility that I shall be able to conclude my remarks this evening. That fact, together with the tremendous strain under which both the government and the official opposition must be labouring this evening, justifies me in asking you to call it eleven o'clock.

On motion of Mr. Shaw the debate was adjourned.

On motion of Mr. Mackenzie (Vancouver Centre) the house adjourned at 10.55 p.m.

Friday, June 16, 1944

The house met at three o'clock.

ALCOHOLIC BEVERAGES

REFERENCE TO EDITORIAL AND CARTOON IN TORONTO "GLOBE AND MAIL"

Hon. C. W. G. GIBSON (Minister of National Revenue): Mr. Speaker, my attention has been drawn to the editorial in to-day's *Globe and Mail* entitled "An Unfair Basis." The editorial is the latest move in what appears to be an organized campaign of misrepresentation of the federal government's wartime alcoholic beverage order—

Mr. GRAYDON: Are you charging that?

Mr. GIBSON: —by representing that the federal government is responsible for the fact that the monthly ration of spirits, authorized in Ontario is thirteen ounces, and in Quebec eighty ounces.

No detailed reply to its allegations is required.

On June 5 I gave to this house a statement showing the exact quantities of liquor allocated to the provinces of Ontario and Quebec, and showed that there was a difference of only 1·2 per cent between the quantities available in those provinces. It was also shown that the quantity available for Ontario had permitted a ration in that province of 160 ounces a month on the basis of permits outstanding in January, 1943, but that the increase in the number of permits issued by the Ontario Liquor commission from 155,295 in January, 1943, to 1,282,938 in March, 1944, had necessitated a reduction in the individual ration.

The federal government has nothing whatever to do with deciding what the ration shall be in each province. Each province is entitled to receive 70 per cent of the quantity of spirits released for sale in the year which ended October 31, 1942. In other words, each province receives exactly the same proportion of the quantity consumed in the base period.

While it is true that the per capita quantity of spirits available is very slightly higher in Quebec than in Ontario, the editorial entirely ignores the fact that the per capita quantity of beer available in Ontario is considerably higher than it is in Quebec. The unfair basis, in other words, proves to be the editorial itself.

I have also had my attention drawn to a cartoon entitled "Federal Dispensary" which appeared in the same newspaper on June 13, and which suggested the same idea. Under the circumstances, it can only be assumed that the editorial and the cartoon have been published with the deliberate intention of distorting the facts and misleading the public. The *Globe and Mail* cannot consider that it is assisting the war effort of this country by falsely representing that one province receives preferential treatment over another province, and it can only be assumed that its anxiety to obtain political advantage overrides its interest in our national welfare.

Mr. GRAYDON: Mr. Speaker, may I ask the minister a question with respect to the statement he has just made?

Mr. MACKENZIE (Vancouver Centre): This is on motions.

Mr. GRAYDON: Is the government going to take the position that I must not ask a question? Surely, Mr. Speaker, I have the right to do that. The government know they are wrong on this question and that is why they are so touchy about it.

Some hon. MEMBERS: Order.

Mr. GRAYDON: If I cannot make myself heard, I think Mr. Speaker will protect me, and this is not the first time that I have had to ask for his protection. Surely I have some rights in this house. I am going to ask the minister why there is a difference between the system of rationing liquor and the system of rationing other commodities throughout the dominion. That is the basis of this editorial, if I read it correctly. Why is there this difference?

Mr. MACKENZIE (Vancouver Centre): The minister has just told you.

Mr. GRAYDON: No, he did not, and he is not telling me now.

Mr. GIBSON: The system of issuing permits is based on the amounts consumed in the base period.

Mr. HANSON (York-Sunbury): That ignores the question entirely.

Mr. GRAYDON: For some reason or another there is a distinction made by this government between the rationing of liquor and the rationing of other commodities.

Mr. MACKENZIE (Vancouver Centre): That is conceived by Tory minds.

TREATIES AND CONVENTIONS

CANADA-UNITED STATES—AVOIDANCE OF DOUBLE TAXATION AND PREVENTION OF FISCAL EVASION

Hon. C. W. G. GIBSON (Minister of National Revenue): Mr. Speaker, as was announced by the Prime Minister (Mr. Mackenzie King) last week, a tax convention was signed at Ottawa on the 8th of June, 1944, between Canada and the United States of America having for its objects the avoidance of double taxation and the prevention of fiscal evasion in the case of estate taxes imposed by the United States and the succession duties imposed by the parliament of Canada.

I am now tabling the convention, and in the course of a few days a bill will be introduced for the purpose of ratifying the convention by parliament.

For the information of the house I will give a brief outline of the convention.

Both countries have in the past applied the principle of the deceased's domicile as well as the principle of the local situation of the assets of deceased persons in the taxation of estates. The result has been that in many cases the personal property of deceased owners has been subject to dual taxation—once by the country in which the deceased was domiciled at the time of his death and again by the country in which some or all of his assets were situated at that time.

Real property was the only type of asset which escaped this dual imposition, as both the United States and Canada make no attempt to tax realty situated outside the boundaries of the taxing jurisdiction.

The problem of double taxation was intensified by the fact that the rules applied by the United States of America in determining the local situation of shares and stocks of corporations differ from those applied in Canada. In the United States the principle applied was that this class of property was subject to taxation if it was in any way regarded as being under the control of the taxing authority. For example, the shares of companies incorporated under the laws of the United States or any of the states and owned by a non-domiciled decedent and physically situated outside the United States at the time of death were deemed to have a situs within the United States regardless of whether the certificate was in the name of the deceased, or in street name, or other bearer form.

In Canada, on the other hand, stocks and shares were regarded as being situated where they could be effectively dealt with, namely, at the place of registration of the securities. Although this principle was much less sweeping in its operation than that in force in the United States, it nevertheless gave rise to considerable trouble in relation to companies having duplicate or multiple share registers.

Some cause of complaint has arisen in the past as to the method of determining the rates of taxation applicable to estates of non-domiciled decedents by reference to the entire value of such estates. Representations have been made that each country should fix the rates of taxation in such cases by the value of the property situated in the country which imposes the tax.

While Canada grants exemptions from taxation in estates of non-domiciled decedents in the proportion that the value of the property in Canada bears to the total value of the deceased's estate, this method of exemption has not been applied so far in the United States. That country grants only a nominal exemption of $2,000 in all cases of non-domiciled decedents, notwithstanding that an exemption of $100,000 is granted in the case of domiciled estates.

With a view to removing these causes of complaint, and particularly in order to avoid double taxation of estates in future, conversations recently took place between the taxing officials of both countries with the result that the tax convention was finally agreed upon.

The main features of the convention may thus be summarized:

Real property is to be taxed exclusively by the country wherein it is situated.

The country of domicile to have the right, at the outset, to tax all the personal property of the deceased, as heretofore.

The country of situs to have the right to tax the property situated within its boundaries.

The taxes paid in the country of situs are to be allowed as a credit against the taxes payable in the country of domicile which includes the same assets for tax purposes. The credit, however, is to be limited to that portion of the tax in the country of domicile that the value of the taxable property abroad

is of the total value of the deceased's estate.

There is to be a uniform rule in determining the situs of shares of corporations. These shares are to be deemed to be situated and taxable in the country where the corporation is organized.

While the rules as to situs of other properties vary somewhat in the two countries, it is agreed that for the purpose of the convention, the situs of such other properties is to be determined by the laws of the country imposing the tax.

Each country is to take into account only the property therein situated when taxing the property of persons dying domiciled in the other country.

Exemptions to be granted estates of non-domiciled decedents are to be the same as those granted to estates of domiciled decedents, reduced, however, in direct proportion that the value of the property taxed abroad bears to the total value of the property wherever situated. Canada will benefit considerably by this provision, as, at the present time, the United States only allows an exemption of $2,000 in the case of persons dying domiciled here, but this benefit is now only reciprocal to the benefit Canada always granted to the United States.

Articles VII to XIII of the convention are designed with a view to the exchange of information to prevent fiscal evasion. They are quite similar in scope to the provisions already in force with respect to income tax. By article XIV the convention is given a retroactive operation to 14th June, 1941, being the date when the original Dominion Succession Duty Act came into force. The convention is to remain in force for a period of five years from that date, and indefinitely thereafter, but may be terminated upon six months' notice at the end of the five year period or at any time thereafter.

Mr. HANSON (York-Sunbury): May I ask the minister a question arising out of this statement with respect to the taxation of shares? If I gathered correctly what he said, they were to be taxed in the jurisdiction in which the corporation had its head office?

Mr. GIBSON: No, where the corporation was organized.

Mr. HANSON (York-Sunbury): That is more correct. Does that mean that in the case of a United States corporation organized, we will say, in New Jersey, those shares in the hands of a domiciled Canadian would not be taxed here too?

Mr. GIBSON: That is right. An offset is allowed on account of the tax paid in the United States.

Mr. HANSON (York-Sunbury): Will you have an interprovincial agreement to give effect to this as well?

Mr. GIBSON: This does not affect the provinces.

Mr. HANSON (York-Sunbury): With the permission of the house, may I ask the minister whether his department is taking any steps to effect some reciprocal arrangement between the dominion and the provinces under which duplication and triplication of succession duties may be avoided? Let me illustrate. Those of us who live in the small provinces, owning we shall say shares in a joint stock company with head office in the province of Ontario but with stock listed on the Montreal stock exchange, which under its rules requires that the transfer office shall be immediately available, say, in the city of Montreal, are obliged to pay not two succession duties on the same share of stock but three. I have always regarded that as a grave injustice and something that ought to be remedied at the earliest possible day. Has the Department of National Revenue taken any steps to eradicate that injustice on a reciprocal basis or otherwise, and on the gross value?

Mr. SPEAKER: That question should certainly not be asked on the orders of the day.

Mr. HANSON (York-Sunbury): It is on the record now and the minister can answer later.

CANADIAN FORCES

POSTAL SERVICES—DISTRIBUTION OF MAIL TO PERSONNEL IN FRANCE

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Has the Postmaster General anything to add to his previous statement, made a short time ago, with respect to the distribution of mail to our troops in Normandy?

Hon. W. P. MULOCK (Postmaster General): I may advise the leader of the opposition that daily distributions of letter mails have been made since the beginning of operations. On June 7 all letter mail was dispatched, but was returned due to shipping difficulties. However, on June 8 all letter mail was dispatched and landed in France. On June 9 and 10 mail was dispatched but due to shipping difficulties was returned. However, on June 11 all letter mail was dispatched and landed in France. On June 12 also letter mail was landed in France.

In regard to parcel mails, these are to be dispatched daily, with the first dispatch expected to be on June 13. As yet I have no report as to whether that shipment was made on the 13th of June.

POLITICAL ACTIVITIES—CLOTHING ALLOWANCE TO DISCHARGED PERSONNEL

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I desire to ask the Minister of National Defence if he will table the order in council which was passed yesterday in connection with the regulations covering the political activities of members of the armed forces.

I wish to ask a further question. Last week the minister indicated that consideration was being given by his department to increasing the clothing allowance to members of the armed forces on discharge. Can he inform the house when we may expect a decision to be made by the government on this point?

Hon. J. L. RALSTON (Minister of National Defence): As regards the first question, I received a copy only just before I came in. The order in council to which the leader of the opposition refers, regarding regulations covering political activities of members of the service, will be laid on the table on Monday.

In reference to the matter of clothing allowance, it has been under consideration along with certain other matters respecting rehabilitation. It affects the whole three services, and I would hope that the situation may be such that an announcement can be made very shortly.

INVASION OF WESTERN EUROPE—CASUALTIES

On the orders of the day:

Hon. R. B. HANSON (York-Sunbury): I wish to ask the Minister of National Defence when this country may expect some report of the casualties in the invasion areas. The invasion has now been on for ten days and so far as I am aware no report has been received by anybody in Canada. I understand that reports have been made in the old country. I think we are entitled to know the nature and extent of the casualties up to date, and immediately.

Hon. J. L. RALSTON (Minister of National Defence): I assure my hon. friend that nothing whatever but security considerations prevents the announcement of casualties, both the number and the names.

Mr. HANSON (York-Sunbury): It will have to come sooner or later.

Mr. RALSTON: The names will not be announced publicly until, under the usual arrangement, about thirty days after the casualties occur. As to the numbers, I shall be glad to communicate with our allies and make an announcement as soon as that is found practicable having regard to security conditions.

RESERVE ARMY AND MOBILIZATION ACT PERSONNEL —REFERENCE TO REMARKS OF MR. RAYMOND IN DEBATE ON JUNE 13

On the orders of the day:

Mr. VINCENT DUPUIS (Chambly-Rouville): On June 13, as reported in *Hansard* of that date, the hon. member for Beauharnois-Laprairie (Mr. Raymond), speaking on the bill enabling Canadian war service electors to exercise their franchise, stated, at page 3763 of *Hansard:*

> Why bar the members of this reserve army, who are only eighteen and nineteen years of age, from voting, when they are being called up for military service? Why prevent them from voting when they are being mobilized at eighteen, under a hypocritical legislation, which has been called mobilization act while it is a conscription act, and when they are liable, as the Minister of National Defence (Mr. Ralston), stated, to be called up for service overseas; indeed, they have been sent to Kiska, Jamaica and Newfoundland. This group of enlisted men are discriminated against and I wish to register my protest before this bill is passed.

This speech is undoubtedly based on a falsehood or at least on a complete misunderstanding of section 5 of the bill, and, if spread among the population, it is bound to give ground for an unjustifiable discrimination.

Mr. SPEAKER: Order. The hon. gentleman must not volunteer his opinions. He has laid the basis for his question. Will he now ask the question?

Mr. DUPUIS: I think it is in the interests of hon. members to see that our war effort is not handicapped and that is what I am doing. The Ottawa newspaper *Le Droit,* in its edition of June 15, and the Montreal newspaper *Le Devoir,* in its edition of June 14, basing themselves on the hon. member's speech—

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

Mr. DUPUIS: —have published articles which will have the effect of spreading such a harmful blunder.

Mr. LACOMBE: Mr. Speaker—

Mr. DUPUIS: Will the hon. gentleman wait until I am through, and then he can speak. With a view to giving a chance to the hon. member (Mr. Raymond) and to these newspapers, who no doubt acted in good faith, to rectify their mistake, may I ask the hon. Secretary of State to make the appropriate correction.

Hon. N. A. McLARTY (Secretary of State): The hon. member for Chambly-Rouville (Mr. Dupuis) was kind enough to advise me of his intention to ask this question, and perhaps it is desirable that the confusion which

has existed should be cleared up in the public mind. It doubtless arose from the remarks already quoted which the hon. member for Beauharnois-Laprairie made on the third reading of the bill. There was apparently in his mind some confusion based on the difference between those who were called up under the mobilization act and those who were in the reserve army.

As the matter is somewhat technical I believe this house will agree that, in fairness to members, and for the advantage of those in the country who will be affected at the next election, it should be definitely cleared up.

Perhaps I should give a definition of the two forces, not that practically every member does not know it, but apparently the hon. member for Beauharnois-Laprairie was labouring under a certain amount of confusion.

Reserve personnel of the Canadian militia, who are generally described as reserve army personnel, are members of the Canadian army who have not been placed on active service or who are not deemed to be on active service. They are not in full time military employment but are only required to perform a certain number of days training per annum, part of which is carried out in summer camps and the remainder throughout the year in their own localities.

On the other hand a National Resources Mobilization Act soldier is a soldier who has been enrolled and is undergoing training or performing service or duty under the National Resources Mobilization Act or the regulations passed pursuant thereto. Upon his being enrolled in the army a National Resources Mobilization Act soldier is deemed to be and is placed on active service pursuant to the Militia Act. In this respect and because he is in full time military employment his position is entirely different from that of a member of the reserve army as mentioned above.

Bearing in mind those definitions, provision is made that everyone called up under the mobilization regulations who is performing training, service or duty in any of the naval, military or air forces, regardless of age, may vote as a war service elector wherever he may be stationed and whether it be within Canada or elsewhere.

On the other hand, one serving in the reserve army may also vote as a war service elector but requires to be of the full age of twenty-one years, absent from his ordinary place of residence while undergoing training at a duly authorized training camp or school established for full-time courses, or has been called up on service by the Minister of National Defence. This includes a member of the university air training corps or a member of the air cadet corps who is at present in the course of duty at a Royal Canadian Air Force unit.

This will, I trust, remove the confusion which might otherwise be created by the remarks of the hon. member for Beauharnois-Laprairie.

Mr. GRAYDON: It provides a good subject for a speech, anyway.

VETERANS' AFFAIRS

ESTABLISHMENT OF DEPARTMENT TO DEAL WITH THE CARE, TREATMENT, TRAINING OR REESTABLISHMENT OF MEMBERS OF THE ARMED FORCES

The house resumed from Thursday, June 15, consideration of the motion of Mr. Mackenzie King for the second reading of bill No. 83, to establish a department of veterans' affairs.

Mr. F. D. SHAW (Red Deer): During the past few days a great many members of the house have engaged in debate on the motion of the Prime Minister (Mr. Mackenzie King) to give second reading to bill No. 83, an act to establish a department of veterans' affairs. I think we can agree that practically every aspect of rehabilitation, especially as it applies to the ex-servicemen, has been touched upon by the members. I realize therefore that in speaking upon the measure at this time one is likely to engage in a certain amount of repetition. I shall endeavour as far as possible to avoid that fault. It is quite obvious I think that the members of the house generally speaking are agreed upon the desirability of establishing a separate department for the express purpose of handling those measures relating to our ex-servicemen. I believe I am quite correct in saying also that that feeling is shared by the people of Canada and would also be supported by the service personnel. I would hasten to add however that the mere establishment of a department of this nature does not of necessity guarantee that our ex-servicemen will be given that complete consideration which some of us believe they deserve. If this were a department for any other purpose I might have a tendency to oppose it. I say that for the reason that generally speaking the tendency of government to expand, grow and take in new territory, increase its payroll and so forth, is something that must be guarded against; but I propose to deal with that on another occasion.

Between 1914 and 1918 the constituency which I have the honour to represent gave very generously of its men to the armed forces. Following the cessation of hostilities at that

time many of our men returned to that constituency, but unfortunately there were men who did not. Of those who did return a few things might well be said at this time. First, we have those who were partly, and in some cases, almost totally disabled. We realize that because of the involved regulations and restrictions many of those who did return in that physical state found themselves without pensions. Just how general that may have been I do not propose to hazard a guess, but suffice it to say that a great many of them did return in a disabled condition, and because of some harsh restriction or because of some technicality they were deprived of their just due.

Then again we had a number of those who were disabled who were fortunate enough to secure a pension. History records that in all too many cases those pensions were hopelessly inadequate. The result was that many of those partly disabled veterans endeavoured to find employment in the labour market in competition with those who were physically fit. Then there were many of our ex-servicemen who were established under the Soldier Settlement Act. My colleague, the hon. member for Battle River (Mr. Fair) did not leave anything unsaid in dealing with those soldier settlers. I wish to say that I concur in what he said. I heartily endorse his remarks and subscribe fully to his claim that these settlers should be granted clear title to their homes.

If I may just go back to the commencement of the operation of that scheme, in my constituency we found, as was found everywhere in Canada, these veterans were placed upon land which was valued at, I dare say, twice its present-day value. Machinery and stock was provided at inflated prices and, as was stated by the hon. member for Battle River, the interest charge of five per cent on the debt was out of line, as was the seven per cent charged on the arrears. It is not necessary for me to trace the history of that settlement programme during the subsequent years. We know that of the total only a few were successful in acquiring clear title to their property. Many of them paid more than the property was ever worth in the first place, and yet were in the position of still owing more than the price at which the land should have been sold to them in the beginning.

As one travels about in his constituency or elsewhere and has occasion to visit with and talk to these veteran settlers of the first world war, ones heart is torn because in many instances they are men of fifty-five, sixty-five, and, yes, seventy years of age. They have tried; they have worked hard, and while it is true you may find the very few who could have done better, that cannot be said of the majority. They did their best, and, as I said a moment ago, paid more than the land was worth. And yet they are faced with this situation: periodically they are threatened with cancellation of the contract and offered a lease agreement made for a period of one year. In other instances they have been given new contracts for a period of twenty years. I am bound to say that it is fantastic to offer a man sixty-five years of age a twenty-year contract and imply that at the end of twenty years he will have paid for the property and will become the owner of it.

I wish to repeat that there is a general feeling in my part of the country at least that unless we are prepared to do justice to those veterans of the first world war there is little hope for the right thing being done for the veterans of this war. Some may say that that feeling is not justified, but it exists, and in a measure I feel the same way. I do not like to deal with individual cases of pensions, and I shall not do it by name, but I have encountered a large number of cases where a man was expected to subsist on a pension of $4 or $5 a month. I recall one case in particular, that of a man who attained the rank of sergeant-major. During the last war he spent almost four years in France. He suffered a concussion and was gassed, and as a result was sent to hospital. After a number of months in hospital he was returned to Canada and discharged. For a period of seventeen years he was obliged to try to get by on $3.75 a month. It is true that he was able to work part-time, but he probably worked for three or four days and then was sick for a couple of weeks. I would not mention that case if it were the only one of which I have information. It happens so frequently that I hope no one will ever be able to say that out of this war will come veterans who are obliged to try to get by on pensions of that type.

I have also had brought to my attention a number of cases in which, upon discharge, the soldier was refused pension outright, regardless of the fact that he produced all the affidavits and other documents necessary to prove that there had been a very serious deterioration in the state of his health as a result of his service. He was refused repeatedly; then, probably nine or ten years after the cessation of hostilities, he was finally conceded a small pension. One case still stands out in my memory. The veteran himself is now dead; it is a wonder he lived as long as he did, considering the treatment he received. This man was discharged in 1919, but not until 1927 did they finally agree that he was deserving of a pension, or, in other words that his disability was attributable to

war service. It seems to me a remarkable thing that it should take any commission nearly ten years to determine that fact. This man died in 1939, after which his widow received nothing. The pension was very small, only $15, but with the loss of it the widow was obliged to go out into the labour market and endeavour to obtain employment in order that she might live. I have a number of cases of the kind, and I sincerely trust that as a result of these experiences we may learn and, more important, that we may make good use of that knowledge.

Again in this war my constituency has given generously of its men and women. Many of them are the sons and daughters of veterans of world war No. 1. In instances to which I could refer specifically I have fought the cases of their parents; yet, regardless of the unfortunate deals which their parents received, these young people were prepared to and did answer the call of their country for help. In one or two cases it was surprising to me that this should be so, bearing in mind the unfortunate experience of their parents. Men from my constituency have served in every theatre of war in which the Canadian forces have served. We have had our causalties, unfortunately, but so have the other parts of Canada. We have had men killed; we have had men permanently disabled. Some men whom I know personally are in German prison camps, and I am very proud to be able to say that a number of our men, from my home town and elsewhere, were with the third division when it stormed the coast of France. I know those boys are standing up to their responsibilities in magnificent fashion. I was quite impressed by the remarks of one hon. member who spoke yesterday, I believe one of the Winnipeg members, who said in effect that no material consideration can repay these heroes of ours for the sacrifices they are making to ensure the freedom and security of this nation. I hold the view quite firmly, Mr. Speaker, that money cannot make up for the loss of life. I do not believe that anything we can give a man can make up for the loss of a limb or any other serious physical disability. Much less can we make up with money for the ravages of spiritual and mental anxiety, which may be the highest price he has to pay.

During the months and years which have gone by I have had a good deal of correspondence with men in the services. I read their letters with the utmost care, for one reason because I want to ascertain what they may be thinking with respect to their post-war possibilities and opportunities. Sometimes it is said that these boys who are engaged in battle are not concerned about the future, that they know they have a job to do and that they believe the future will take care of them. I do not entirely subscribe to that view, from the correspondence I have received. I am going to repeat one or two sentences from a letter I received from one of our young men in an overseas theatre of war. These may not be his exact words, but they are as close as I get them, not having his letter immediately at hand. He said:

> We are supposed to be fighting to safeguard the democratic ideals and to preserve the sovereign integrity of our nation. When war ends and I return—

I recall so well that he had in brackets "if I do return"—

> —shall I be given the opportunity to share in the wealth which I fought to save? Shall I be given an opportunity to own part of the land which I fought to save?

I want to emphasize that he seemed to lay stress on the word "opportunity." He was not asking that everything be handed to him when he returned; all he asked was an opportunity. In my reply to that boy among other things I said:

> In my opinion the least Canada can offer is a chance to share in the wealth and in the heritage of culture and scientific progress which you and your comrades are saving from the clutches of aggressor nations.

Probably I should have added, "not only to share, but to share on a fair and equitable basis with all others." These boys in the service who are doing a job, and doing it well, are quite properly looking to us at home to see to it that when they return it will be to a country worthy of their magnificent courage, of their sacrifices and of the ideals for which they are fighting. In my opinion this obligation constitutes an essential responsibility confronting every last Canadian. I know that there is a tendency on the part of some to look to a government or to a particular group of people to bring about the very desirable results to which I have referred, but I really feel that this great problem of taking care of our service men and women when the war is over is the responsibility of all Canadians in all parts of Canada.

In 1939 Canada entered this war with a great deal of determination. At that time total employment in Canada amounted to about 4,000,000—I am speaking only roughly. Within a period of four years we had increased our employment to approximately 5,000,000. Out of that number approximately 2,000,000 were in the armed services, or were engaged in providing the machines of war, or were producing those things necessary for war export purposes.

The point I wish to emphasize in that regard is this: We did enter the war with great

zeal and determination, and we accomplished things which only a month or so before the outbreak of war were regarded as being utterly and completely impossible. We also took our men from the streets—and from the mines, the farms and the factories. We pointed out to them their duty, and they responded cheerfully and magnificently. We took that boy from the street, the boy who had never been able to find employment, the boy who could not secure a decent wage while he was on the street—if, indeed, any wage at all—and we provided for him not only his clothing, but dental, medical, optical, hospital, educational and other services. We armed him and paid him. We also transported him to the theatre of war. Those boys are well aware to-day that, because of our determination to utilize—and I shall use an oft-used term—the wealth and the production of the country, we were able to attain that degree of achievement which was most desirable.

In some parts of Canada we hear it said, and we read it in publications, that it was only because of the great need and because of such unusual determination that we were able to accomplish the things it was necessary to accomplish in war-time, but that after the war we cannot hope to be able to accomplish so much in the field of non-war activities. I do not subscribe to that view at all. I say that when the war is over and when our lads return we shall have a country poorer only in the sense that we have lost so many of our youth. But we shall have a country developed as it has never been developed before, with a productive capacity not dreamed of in days gone by. All we must do is accept it as our responsibility, so that when these lads come back we shall be able to say, "We have that which is necessary to give you what you have earned because of your contribution."

During the course of the debate several members have pointed out, in definite terms, the things we must guarantee to our boys upon their return.

Mr. SPEAKER: I must point out that the hon. member is not dealing with the principle of the bill. I would consider that he is discussing social reconstruction, but not dealing with the terms of the bill, which, it seems to me, are definite. I point out to hon. members generally that in the first instance we must deal with the principle of the bill and, having accepted the principle, the details may be discussed when the house is in committee.

Mr. SHAW: Mr. Speaker, I thank you for your leniency up to the present point. I had really completed what I wanted to say in that regard.

[Mr. Shaw.]

In my opinion when these lads return we should be prepared to guarantee them full pay and allowances of the rank of private until such time as they are able to fit themselves into the economic life of the country. By that I do not mean that our boys returning from overseas should of necessity be retained in uniform. One hon. member indicated a day or two ago that the boys were anxious to get this whole thing over and get out of uniform. In advocating that we guarantee to them full pay and allowances to the rank of private until such time as we absorb them into the economic life of the country, I am not advocating that they be retained in uniform against their will.

I say, too, that to those same men we must guarantee hospitalization and treatment for illness, without the application of the previous policy of deducting pay for such attention from their incomes. Further than that, it is most essential that in respect of the dependents of those killed while in service we should make full and adequate provision for pensions at a figure no less than the full rate of pay of a private, including dependents' allowances. Then, in respect of children more than eighteen years of age, to supplant dependents' allowance there should be an educational grant of a sum sufficient to enable them to secure the education which their parents might have been able to provide had the father been at home.

What I say in that regard must also apply to the men of the merchant marine. To my mind it is a tragedy that those men, who are probably playing just as important a part in the prosecution of the war as are our troops—and I do not say this in any disparaging way at all—find themselves extolled in song and story but almost entirely forgotten when it comes to the securing of benefits received by members of the armed services. I had brought to my attention not long ago the case of a man who had served two years in the merchant marine, and who was discharged only recently because of his physical condition. He had reached the age of sixty years. That man had served in the north Atlantic, the south Atlantic and the Indian ocean, and yet, following his discharge, when I pressed for consideration in connection with having the interest rate on his soldier settlement contract reduced from 5 per cent to 3½ per cent, I was told that unless he was pensioned, favourable consideration could not be given to his application. The hard part in the letter I received in reply was the statement by the minister to the effect that after all, the process of reducing his interest rate from 5 per cent to 3½ per cent would mean a saving of only $20 a year. I thought that

was cold, and perhaps just a little brutal. In other words, they said that since it was only $20 a year—which might mean a great deal to that man—they should not be too greatly concerned about granting it to him.

I should like to say a few words in connection with the present policy for establishing our soldiers on the land. The hon. member for Battle River indicated that he proposed discussing this matter at some length at the appropriate time. Let me say that I agree the present Veterans' Land Act is an improvement over the old Soldier Settlement Act. But this is a thought which repeatedly passes through my mind, and has been brought to my attention on many occasions: Provide the veteran with a parcel of land, provide him with an equity in that property, provide him with a lower rate of interest than he has ever enjoyed before, and yet after you have done all those things, he is still left at the mercy of an internal economic system which may ruin and crush him completely. Even under the Veterans' Land Act the man so established cannot possibly weather the gale if he is subjected to the conditions to which the soldier settlers of the last war were subjected during the early thirties. It would be utterly and completely impossible.

And so I assert that hand in hand with all the schemes for the rehabilitation of our soldiers after the war there must be a complete and full realization that unless we give careful thought and consideration to the making of very necessary changes in the economic structure of this country, we shall find that we have failed in our attempt to bring about the results which I think we are all agreed are so necessary.

I have not endeavoured to go into any details, Mr. Speaker, in connection with the veteran measures which the government have proposed. I do not think it should be necessary that we should press, for instance, for an adequate clothing allowance. The government should know what is an adequate and what is an inadequate clothing allowance, and that principle applies to the whole field of reestablishment. Just let the officials put themselves in the position of the individual who is coming back after the war; consider all the benefits and consider all the obstacles; and then ask themselves the fair and square question: Would I regard this as being adequate? I know that if the present inadequate clothing allowance is increased to $125, some may press for $150. I know it is completely impossible to please everyone. But if the government themselves would do that thing which they themselves would be satisfied with if they were in the position of the returning service man, many of the disabilities which crop up under these different types of reestablishment measures would probably never occur.

In conclusion, may I express the hope that after this war we shall not have a repetition of what occurred after the last war, that we shall have nothing not even remotely resembling the conditions which developed after the last war. We owe that to our men. They are looking to us for it, and I think, Mr. Speaker, that we are big enough to do the job. This does not constitute any utopian dream—I hear that phrase used so frequently. When I advocate what I regard as being only limited justice to the veteran, I always hear someone expressing the idea that it is just another utopian dream. In my opinion there is nothing more potent in building up morale among the service men than the knowledge that the ideals for which our boys are fighting to-day are on the way to becoming the realities of to-morrow.

Mr. THOMAS REID (New Westminster): Mr. Speaker, it is perfectly true that all our thoughts are centred on the invasion front at this time and what is happening there. While it is most desirable that the business of the house be expedited, nevertheless it is only natural that any measure affecting the men and the women in our armed forces, especially those who are at the moment fighting our battles overseas, will create considerable interest and discussion in the house. While, generally speaking, Mr. Speaker, on the second reading of a bill only the principle may be discussed, one cannot discuss intelligently the many changes that have been made in the measure now before us unless one deals with more than the mere principle of the bill. With the principle I am in hearty accord.

First of all let me say that the grouping together of all the various departments dealing with veterans' affairs under one ministry will I believe meet the wishes and the points of view of all our citizens. Let me here express one personal wish regarding that ministry. It is my hope, and I believe I speak the thought of many members of the house and many people outside, that the present Minister of Pensions and National Health (Mr. Mackenzie) will be left long to carry out the duties that it will be necessary to perform under the new set-up. I was pleased to see that in the act national health is separated from pensions. The national health of our people has become a most important subject, and we are taking such notice of it that to separate this subject from pensions is to my mind certainly a step in the right direction.

A little later I wish to deal with one aspect of the bill relating to the Veterans' Land Act,

as I have one or two matters to discuss with regard to its operations.

The other day one of the members—I think it was the hon. member for Vancouver North (Mr. Sinclair)—suggested when speaking to the house that in the setting up of a new department and the appointment of new officials every consideration be given to the young men of this war. With that view I think we are all in accord. But as one who has taken a great interest in pension matters may I say that what is more particularly desired is that the officials appointed should have a sympathetic frame of mind rather than one seeking to conform too strictly to the letter of the act. It is not generally known and recognized throughout the country, and many members of parliament still fail to recognize, that even the minister himself will be governed and is governed by the Pension Act. Therefore it seems to me important that the officials who are handling the administration, those behind the scenes having to do with the appeals coming before them, be men of sympathy and understanding. There is not a great deal of complaint in that regard at the present time, but such was not always the case. I well remember, and so will every member of the house, that during the years from 1930 to 1935 or 1936 there were officials in that department who were not always as sympathetic to the appeals and requests made by returned men as many of us thought they should be. In those days, too, the pension advocates were not always as vigorous as they might have been. It was my impression after presenting many claims on behalf of returned men that some of the pension advocates were a little hesitant in putting forth all the fight within them on behalf of the cases they had in hand. I got that impression after observing their efforts at some of these hearings. They were perhaps a little afraid that those in authority at Ottawa, not particularly the minister, but the officials in authority, might not wish that too many favourable decisions be given.

Mention was made by one member speaking yesterday of the members of the treasury board. I have a severe criticism to make regarding the treasury board. After all, it is not the minister who will handle the pension cases. Once the act is in effect, appeals go before the pension commissioners and their officials. They sit as a court, and after their decision is given in a case it is my opinion that their decision, if favourable, should be final. I have personal knowledge of case after case where, after the decision had been given, officials of the treasury board undertook to look over the case and either reduced the pension or declared that it should not be given. I believe the country is tired of that kind of control.

Mr. MARTIN: That has not been done recently, has it?

Mr. REID: I know of one recent case in which it was done. It is true that there must be some control over expenditures; but surely, after a man's history file has been looked into, after the entire case has been investigated, no official from some other department or branch should sit in judgment upon that man's case and act to his detriment. I ask the minister to endeavour at least to see to it that treasury board officials keep their hands off the cases, especially in which, after the circumstances have been gone into, a favourable decision has been given.

One matter I would ask the minister to take note of in the new set-up relates to the provision whereby pensions can be granted under what is known as the meritorious clause. I was surprised to find how few pensions had been granted under this provision. No pension commissioner with whom I have discussed the matter has been able to define what the meritorious clause really means. I mention this particularly because the present war is entirely different from that of 1914-18, and there will be many men coming back who have flown planes over Germany, and who may have to outward appearance no bodily injury, but who must have suffered; so in the handling of cases under the meritorious clause a new interpretation will have to be given to it in order that those appealing under it may have a chance of obtaining a pension.

Despite what the hon. member for Macleod (Mr. Hansell) said the other day, I believe that every member of the House of Commons and the people generally are agreed that no monetary considerations should be placed in the way of providing our returned men with pensions. That principle is generally accepted. Although hon. members may not always applaud it in the house, I think it is only fair to say that every one of us is agreed that financial conditions shall not be allowed to obstruct adequate provision for those men who have given so willingly and freely of their lives, and but for whom we of this House of Commons might to-day not be here.

May I also draw the attention of the minister to the desirability of building or procuring smaller hospitals apart from the general hospital which is usually designated as that to which all returned men must go. I believe that a condition we have in British Columbia is not dissimilar to conditions in other provinces. I know how difficult it is for a man say in the Fraser Valley to reach

the Vancouver Shaughnessy hospital; in fact, from so short a distance as forty miles it will take him at least the entire day to go to Shaughnessy hospital and return. I recognize that it is desirable to assemble in one large building all the paraphernalia, the up-to-date equipment and machines required to examine and treat men who are sick. Nevertheless it may be well to give some thought to the setting up of smaller hospitals to which men with minor complaints, requiring perhaps only one or two days' treatment, could resort instead of having to spend a great deal of time in going to and attending at larger institutions. There are indeed cases wherein the time element may mean the difference between life and death.

The desirability of providing work was mentioned the other day as important, and it is important. I suppose every hon. member has had much the same experience as I have. From 1930 to 1939 the number of appeals received by members of parliament from men who either wanted a pension or wanted it increased was enormous, but after 1939 the number dropped, proving to me at least that if suitable work could be provided, many of the economic ills from which these men were suffering or thought they were suffering would disappear. So that to my mind at least, the provision of useful work is most important, particularly to our returned men, who should come first.

There are one or two things I want to say with regard to the Veterans' Land Act. I would point out to the house that if those of us from western Canada take up the time of the house on this subject it is because the four western provinces, including British Columbia, had more applications for settlement on the land than did the other provinces. It is interesting to know that of the 25,000 who applied for help to go on the land under the soldier settlement board after the last great war, over 20,000—to be exact, 20,736—were from the provinces of Manitoba, Saskatchewan, Alberta and British Columbia.

As regards the new Veterans' Land Act, it is an improvement upon the old Soldier Settlement Board Act, but I believe that one factor which will militate against the successful carrying out of this measure will be that many of the old sores which arose from the last Soldier Settlement Act still remain. I am not going to take up the time of the house on this occasion in reading personal letters, but when one realizes that only 3,833 claims have not been paid, I do not think it is too much to ask that these be cleaned up and that we have a new deal and a fresh start all round. I was one of those who advocated this when the Veterans' Land Act was before the house, and I still believe that what I then advocated is the proper policy. I do so after twenty years of experience amongst returned soldiers in British Columbia, and I know that one of the things which put most of them out of business was the load of interest. Of 25,000 men who recently made applications to go on the land, 13,550 did not make good. I use these words advisedly because I do not think it is proper to say that they failed. In the words of the man in the street, the cards were stacked against them before they went on the land.

I do not wish to rehash the past, but it is well known that the government at that time, not having any plan, were not particular where the men went so long as they did not congregate in the cities and were spread out in the rural communities throughout most of the provinces. When I look over the financial statement and realize that over $25 million has been paid in interest, it is to me staggering indeed. The exact amount of interest paid to the present time is $25,381,060. When one realizes that only 3,883 have repaid their loans, which is equal to only fifteen per cent, it means that interest payments made by all who participated in the scheme from the inception of the act to the present time must have averaged between $1,500 and $2,000 each, plus of course cost of administration. Total administration cancellations, as pointed out yesterday by the member for Battle River (Mr. Fair), amounted to $88 million, which also is a staggering amount of money.

I still believe that even at this late date, before placing these men on the land we consider placing them on property that is interest free, because if the man did have a few lean years he would know that his debt would not increase. One can produce case after case where men paid more than their whole principal amount and still owe at least fifty per cent of the original debt. What effect will the condition of these men have on the new settlers going on the land? I say it will have a disastrous effect.

The government of British Columbia have set aside one million acres of land which they are offering to the dominion government on which, if desired, returned men can be settled; but there is one proviso in it which does not make the offer so good, and that is that the men settling on the million acres shall be soldiers who left British Columbia. That means that soldiers from other provinces will not be allowed to settle on any of the million acres in the interior. I have been in British Columbia from 1909, quite a number of years, and from my experience of that province I would say that not many who were born in

British Columbia would care to go and live anywhere on that million acres offered by the provincial government; they would prefer to be nearer the larger cities on the coast.

Then there is the cost of clearing. When the new department is set up, the minister, I suggest, might have the whole area surveyed, because first of all there are no men from the outside provinces to be allowed there, and secondly the men who will go there, if any men who do go there, will be very few indeed, and the land has to be cleared. A scheme could be brought about whereby those from the services or others could be utilized to clear the land to make it habitable. But what is more important—and this is the proposition I put to the government—is that instead of centering most of our energies and thoughts on land and farms for the men coming back we should centre our thoughts and activities on the providing, for the men who come back, of modern homes. I think that it will be generally agreed that one of the things first desired by most of us is that we should have a house to live in, and many of the ranches and properties which the men will be asked to go on have not the proper houses. To my mind nothing will make a man more discontent with his lot than to be compelled to live in some old shack.

I would ask the minister to consider providing houses, and I suggest that that should be made the first requirement, instead of concentrating on putting the men on the land. I would point out to the minister, and he knows it as well as I do, that so far as British Columbia is concerned, the fight which the men will have to put up there if they are to do well is going to be harder than in some other provinces, owing to the fact that in that province we have little or no industries.

What has happened since 1939? It is evident that what is required is some financial help if one is to maintain oneself on one of the ranches or farms in the Fraser valley or in British Columbia. Since 1939 hundreds upon hundreds of our citizens have left those places. Why? First of all, they wanted to help in the war effort, and, second, they needed financial assistance, or wages or salaries on which to live, which they did not have prior to the commencement of the war.

I mention these thoughts because I am a little fearful that the present Veterans' Land Act, good though it may seem to some, will not be all that some people claim it to be or hope it will be. After the experience we have had in British Columbia, and after the heart-breaking scenes I have witnessed, I would urge that the minister, even at this late date, give further consideration to the whole matter, and in the light of some of the thoughts I have expressed this afternoon.

In closing, I want to add one word in praise of the present Minister of Pensions and National Health (Mr. Mackenzie) for the interest he has taken in, and the work he has done on behalf of, the returned men and for the good of the department as well. I believe that a word of encouragement is due him and I am voicing it on this occasion, feeling sure that many members will agree with the views I have just stated.

Mr. LIGUORI LACOMBE (Laval-Two Mountains): I have followed with a great deal of interest the last two speeches delivered by my colleagues who have resumed their seats, but the anxiety is always the same: What shall we do with the hundreds of thousands of our young men and women after the war? How will it be possible to re-establish in civil life all these veterans with broken careers and often broken lives in this terrible conflict? No one can answer this tremendous question, not even the government; nevertheless it will be the great task of the authorities to give all possible assistance to the veterans not only of the present but also of the former war.

(Translation): Notwithstanding the devotion and efficiency of the army medical units and nursing services in this war which, through its terrific speed and mobility, is causing the death of thousands and thousands of men, let Canada be prepared for the return of disabled, wounded and crippled soldiers in still greater numbers than in 1918.

While I was alone, with the hon. member for Quebec-Montmorency (Mr. LaCroix), in opposing to the utmost our participation in this war and the mobilization of our manpower and financial resources, even before those two grievous mistakes had been made, I cannot at this time shrink from the duty of urging the government which declared war to help the veterans of this war and the last conflict.

Let us see the results of a policy that I have repeatedly condemned. Canada will have to assume the task of reestablishing in civilian life an army of one million men and women. They will have to rehabilitate, in entirely new occupations if that is still possible, hundreds of thousands of young men and women. Those of our veterans who had positions in the public service will be fortunate indeed if they are not displaced by newcomers from the British isles and Palestine. That is what happens now. At a time when our sons are shedding their blood in the invasion of the European continent and many are fighting on other

theatres, a large number of people are entering this country under the protection of an unspeakable policy. I should like to know what the government are doing and will do on behalf of our own people?

The Selective Service is already unable to absorb our demobilized soldiers, just as the government was unable after the last war to find for our veterans jobs worthy of their sacrifices.

I have received numerous complaints from veterans of the last war even during this conflict. Such complaints have come to me from all provinces. In many cases, our veterans were established with their families on lands that were unfit for cultivation, while bureaucrats newly-arrived in this country, were taking the best positions in the Canadian civil service. That was greatly to their advantage, of course, but what a shame for us! Let room first be made for our own people. Since the government want to establish a department of veterans' affairs and this bill provides for a considerable increase in the number of government positions, let them reinstate without any formal procedure the mobilized civil servants who, having undergone a few months of training in the army, are looking for employment because they have been rejected. The oft-stated policy in this regard is not respected. What is the use of establishing a new department if we merely mark time?

As regards national health, I wish to quote an excerpt from page 12 of the publication *Canada at War* for April, 1944, under the heading "Health Service Survey":

An over-all picture of Canada's existing health services is given in a report of the Canadian Medical Procurement and Assignment Board, tabled in the House of Commons on March 13, 1944. The primary function of the board, which was set up in July, 1942, was to determine the number of medical personnel available to the armed forces and at the same time to try to preserve adequate medical service for civilians. The resulting complete and detailed survey of all branches of medical service together with recommendations for the improvement of existing conditions will enable the government to tackle present problems and plan for the future.

In all branches of medicine civilian demands have increased in inverse ratio to services available. The war has recruited only the healthy and left the physically weaker in disproportionate numbers. The birth rate has considerably increased, and the old age population is increasing. (The Dominion Bureau of Statistics estimates that the number of persons 60 years of age and over will increase by 20 per cent in the next ten years.) The old and the very young require most medical care. During war-time there is a greater threat of epidemics, especially in the crowded industrial centres. At the same time the increase in national income and economic means has boosted the demand for medical service.

Did the government recognize the invaluable services rendered by civilian physicians to the public and to the army? Quite the contrary, scorning their devotion to duty and their ability, after over-burdening them during the first three years the Mobilization Act was in effect, it cancelled their examination reports and summoned the draftees anew before army physicians and a small number of civilian physicians assigned for that purpose. Not satisfied with having shown itself so ungrateful towards these professional men who gave up both their time and their practice for the benefit of the state, the government now plans to strike the medical profession in Canada a deadly blow by installing state medicine. Let us beware! The day when politics shall interfere with the medical profession, we will witness not only a most disastrous act of injustice but also the decline of national health. When the federal government undertook to legislate on national health, it infringed on provincial prerogatives. It has been doing so for almost thirty years. That sphere does not belong to the Ottawa government. If we read the constitution of the country—

The CHAIRMAN (Translation): Order! I do not believe that the hon. member who now has the floor is entitled to discuss the matter of physicians or state medicine. We are now discussing the veterans of the first great war and of this struggle.

Mr. LACOMBE (Translation): The present debate is concerned with the setting up of a veterans' and national health department. In any case, I have very little more to say. If we read the constitution of the country, provided we do not have to go to London for it, we will find that the bill providing for the establishment of a department of veterans' affairs is unconstitutional as it infringes upon the rights of the provinces.

One word more. Due to the war, misconduct and immorality are permeating our youth. Hence, diseases oft incurable are on the increase and the deadly germs already undermining our present generation will afflict our descendants. It will take more than legislation to prevent such a calamity from spreading to the manpower of a whole nation.

The evil must be warded off by all preventive means at the disposal of medical science and the governments. Otherwise, the disastrous effects of permanent epidemics, pointed out by the highest medical authorities, as reported in the April issue of *Canada at War*, will be equalled only by the improvidence of our government. I require no other proof than the unfortunate wrecks who live on the State and by the State. Are they to be blamed? No. They are rather to be pitied. Heaven knows what efforts the public authori-

ties should expend in this field, the most important for the maintenance and the survival of the nation.

In conclusion, I wish to state that centralization is not the remedy to our worst evil. Let the federal authorities be free to cooperate as far as possible with provincial administrations to this end.

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, the explanatory note in this bill states:

> The purpose of this bill is to establish a department of veterans' affairs under the direction of a minister of veterans affairs who shall be responsible for the care, treatment, training, or reestablishment in civil life of ex-members of the armed forces and of persons otherwise engaged in pursuits relating to the war, and for the care of the dependents of such persons.

I do not know who are the "persons otherwise engaged in pursuits relating to the war," but perhaps at some future time the minister can advise us. In the past hon. members of this house had a great deal to do with the matter of pensions. My first suggestion to the minister is that when the new department is set up, a proper, comprehensive directory of all the subdepartments and branches be compiled and published, because I believe in that way a great deal of time can be saved. Certainly I am in favour of setting up this new department of government. As I have indicated, all hon. members of this house have had to do with difficult pension cases from time to time, and I believe generally our experience has been that when these cases have been brought to the attention of the proper authorities they have been dealt with satisfactorily. However, I do not think it should be necessary to do that, and I hope that with the setting up of this department that situation will be remedied. I believe a department of this kind should have been set up a long time ago; certainly it would have saved us all a great deal of trouble.

There has been much official propaganda designed to create the impression that Canada leads the world in connection with the rehabilitation and treatment of returned men. No doubt this is so in regard to many aspects of the matter, but in my opinion it is not a question of comparison with any other system in the world. I know all hon. members have tried to offer constructive criticism when veterans' affairs have been under consideration, and have put forward their views in a non-partisan spirit. But it seems to me that up to the present in connection with veterans' matters everything has been done on the basis of a reluctant, half-hearted acceptance of proposals advanced by the opposition and supported by public opinion. I cite, for example, the attitude of the government in connection with Christie street hospital and new military hospitals in general, as well as the matter of the clothing and rehabilitation allowances. There we saw a reluctant acceptance of our proposals. That was also the case in days gone by in connection with the discharge of these men and their pay during hospitalization. There has always been a reluctance to comply with our requests, which I believe has caused the veterans great hardships in the past.

As I have stated, the government seem to have been working on a basis of comparison with other countries instead of making up their mind on a definite policy as to what is right and just for the men returning from overseas. Now, in this preelection session, we see many improvements being put forward by the government. Almost it seeems as though the government have held back the announcement of these improvements until just before an election, to the detriment of the returned men. Well, that did not seem to do much good in connection with the election we heard about only the other day in Saskatchewan, and in view of the results of that election I doubt very much whether a federal election will be called within the near future. In any case the reluctance of the government in connection with these matters will not be overlooked.

We all know that many mistakes have been made in the past. Following the last war there were mistakes that were due to lack of experience in the handling of these matters, but many injustices were brought about by an endeavour on the part of various governments to save a little money for the taxpayers. Many examples of the petty paring of pensions and allowances could be mentioned, but the money saved amounted to only a drop in the bucket as compared with the suffering endured by many of our returned men. As an instance I might mention the reluctance of the government to increase the pensions of widows. Each year we have brought up the matter; each year the pensions have been increased slightly. Again, mistakes were made in the past by discharging men from the army too soon, and through the lack of proper papers. No man should be discharged until he has been given a full account of himself by the proper authorities; with his enlistment papers completely filled out, with his physical condition on discharge completely set out, and in short with his full record for the future. Hon. members will recall the difficulties they have had in connection with pensions, arising from the fact that applicants for pensions did not supply sufficient information. Care must be taken to give instructions to the men with regard to their rights, and as to what they

should do to have mistakes corrected in their papers at the time of discharge from the army; it should not be left until later. Many heartaches and hardships can thus be avoided.

Regulations are to be set up in connection with this legislation. The regulations should be promulgated and published at the earliest possible moment, because, after all, the bill is comprehensive and covers many features of pensions legislation. Certainly a consolidation should be made of all the regulations, so that in fairness to the returned men, and those who are endeavouring to look after them, justice may be done.

Then, is there any reason why men who have served in the forces, but are discharged before the date set for the various increases and benefits, should not have those benefits made retroactive? If they make proper application, it seems to me they should be included. If the benefits and allowances were too low before, they are still too low for men and women whose applications have come in before the deadline. I cannot understand why they should not be treated the same as men and women who have applied after the deadline.

Much has been said in connection with the setting up of the organization. Some hon. members have suggested that the personnel of the board should consist of returned men, both from the last war and from the present war. This suggestion I heartily support, because the mature judgment of the older men will be most useful when combined with the more recently acquired knowledge of the younger men.

The new department will be faced with many problems. It will have many decisions to make, and I urge that they be made promptly. This is a point I cannot emphasize too strongly. Much of the unrest which has occurred has been due to delays. All hon. members know about the suffering which has been caused through delays in the handling of pension applications. I realize that some of these delays are unavoidable, but carelessness and inefficiency should not be tolerated.

May I refer to one or two matters which have been discussed, and which will no doubt be discussed later in connection with the payment of pensions to the returned men. I press now for a reasonable clothing allowance. The first allowance was set at $35, and it has now been increased to $65. I say that $125 is not too much for any men who have to refit themselves. Not only do they have to secure civilian clothing, but in addition they have to obtain working clothes. I would ask any hon. member to try to refit himself, even for $125. Certainly that figure is low enough, and undoubtedly $65 is entirely inadequate.

We note that an order in council has been issued by the government, indicating that it has yielded to pressure from members of the House of Commons, and public opinion. Pay and allowances according to rank are to be allowed for one year, two years, or more if necessary, for hospitalization. This is to date back only to May 1, 1943. I am wondering why that date was set. If the allowance originally made was too small, and if the principle was wrong after May 1, 1943, why was it not wrong and the allowance too small before that date?

All hon. members who have spoken in the debate have urged that every effort must be made to see to it that upon discharge the men are given every opportunity to get jobs. I should like to ask in passing, the meaning of these words as they appear in earlier and very important legislation:

> A man shall be reinstated in a position not worse than that he would have been in if he had not enlisted.

These are fine words, but what do they mean? Is it possible to reinstate a man under those circumstances? Can that be enforced? I say it is necessary for the government before long to give us a definition of just what they mean by that wording. There is no use in keeping it there if it is just a bit of camouflage. There should be an accurate definition, so that the men will know exactly what it means, and what they may expect. At the present time they do not know what to expect, and I have heard many complaints in this regard.

Some of our men will have been out of a job, and in the army, for three, four, or possibly five or six years. Some of them never had a job. I believe it is the view of all hon. members that they should be given a proper opportunity to refit themselves for civilian life.

Why does the government propose to pay the men less while they are training for peacetime occupations than they were paid to prepare themselves to fight? It takes one or two years to train a man for warfare; yet these men who are coming back and who will have to train themselves for civilian life are expected to refit themselves and to become good citizens for less pay than they received while they were in the army. That also applies to their dependents. Besides, the training will probably extend over a shorter period. This does not add up. If it was good policy to give pay and allowances while they were training to fight, certainly it is good policy to

pay them equally well while they are fitting themselves to play their part in the kind of life for which they fought overseas. If these men are treated properly it will mean a great saving in money later. We must not be picayune now.

There are many other matters I shall discuss when the opportunity arises, but on this occasion I shall not take up more of the time of the house. I support the principle of the bill. As I said before, we should have had a department of this kind long ago.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, as other hon. members have said, this is a very important measure. It establishes a Department of Veterans' Affairs, and puts in the hands of the minister of that department almost everything concerning not only men who have returned from the last war, but also those who will return from this one. We all realize that winning the war is our first task, but the rehabilitation and reconstruction period after the war is also very important. No greater responsibility faces the Canadian people at home to-day than to see that the armed forces when they return get a square deal, and nothing that we can do to assist them in those post-war days will be any more than what is due to them and what they have earned many times over.

I am sure the house will agree that since 1914-18 no subject has been treated with more unanimity among all parties in the house than the problems of the veterans. Those problems have always been beyond the scope of party politics, and I am sure we are all looking at this measure with only one thought in mind, namely, to do what is right and just for our men when they return.

If this new department is wisely directed—and I think it will be because I presume the present Minister of Pensions and National Health (Mr. Mackenzie) will be the new minister—it will be of great service to the men of the last war and also to the men returning from this war. Some of the members who have spoken in this debate have mentioned the deal that was handed out to the veterans of 1914-18. I am one of those who have always thought—and I have so expressed myself—that the veterans of 1914-18 should have been given a better deal. I have not hesitated to say so on many occasions, and I refer particularly to the veterans who settled on the land. May I recall to you, Mr. Speaker, that even last session, in speaking on the budget on March 15, I repeated a suggestion that I had made on previous occasions, that the debts of the soldier settlers on the land should be written off. I am going to quote what I said on that occasion. I said at page 1238 of *Hansard:*

> For years I have consistently urged in this house that if the government had written off the debt arising from soldier settlement in respect of the last war, the country would have saved money. I advocate that, as part of the proposed debt adjustment, the soldier settlers' debts be written off. After all, this concession would do no more than repay these men in some small measure for what they are doing in the present war. Their sons were the first to enlist and their daughters have followed—they are in the army too.

Many of the veterans of the last war have joined up in this war. If the policy I have consistently advocated had been pursued it would have been more just, more fair and would have saved the country money.

Undoubtedly the members of the armed forces when they return will demand the right to have an opportunity to earn a decent living and to make their own way on a just and equitable basis. As other hon. members have said in this debate, the men who are fighting our battles to-day overseas—and some of them are already returning from Italy—are not looking for charity or pity. All they want is a square deal. They want a chance to resume their life work, to follow perhaps the course which the war interrupted in some university, or to take up vocational training of some kind. All they want is a fair chance to fit themselves to earn a decent living, and that is certainly no more than their due.

The question of pensions both old and new has been discussed in this debate. Pensions will be the responsibility of the minister who is appointed to this department. Too often in recent years the applicant for a pension has been treated with doubt, if not distrust. The burden of proof has rested on the applicant. All that should be reversed by this new department and the burden of proof rest, not on the applicant to prove his case, but on the department to prove that the applicant is not entitled to pensions.

Mr. MACKENZIE (Vancouver Centre): That is done definitely now.

Mr. PERLEY: I have always maintained and maintain now that a soldier who was found physically fit by a medical examination when he enlisted should be entitled to a pension when he is discharged if he is found not physically fit upon discharge. The department should take the positive and not the negative stand. The great bulk of our Canadian people have played a great part in war industry and in agriculture, producing

the munitions and the foodstuffs required to win this war. But no matter how much they have done, their achievements cannot be compared with the services and the sacrifices of our men at the front.

I shall not deal now with the bill clause by clause because we shall have an opportunity to consider the individual clauses in committee. Those providing for vocational training I find commendable. There are other clauses which should be of service to our returned men; there are many good clauses in the bill and, if it is properly administered, as I trust it will be, it will help in seeing that our men get something near a square deal. I might refer to clauses 7 and 9, to mention only one or two. The minister should see to it that the men as they return get jobs for which they are fitted. Many of them will want to go back to the farm. I think it is very important in this connection that a real survey of a man's qualifications should be made to determine whether or not he can make a success of farming. Every man will not make a successful farmer. We know what happened after the last war, and nobody wants to see a repetition of that.

I trust that the minister will welcome advice and suggestions that come from the Canadian Legion. The Canadian Legion has done great work throughout this war. It encouraged men to enlist and has continued to make most commendable efforts on behalf of our men and women in the armed services. It is one organization that is deserving of every consideration. It is always ready to cooperate and I trust the minister will appreciate its suggestions and cooperation. Too much cannot be said in favour of the Canadian Legion.

Something has been said about the rate of allowance for the men when they return. One month's allowance is perhaps not sufficient because many of our men will require many months to be rehabilitated and get a job. The boys and girls from the west deserve every consideration. I make a special appeal for them because we have a record as far as enlistments are concerned, and I am sure the minister will heed that appeal.

I will not prolong further the discussion of this bill. It is in many respects, I believe, commendable. Its success will depend upon whether it is wisely and properly administered, and I trust that the minister will see to that.

Mr. GORDON B. ISNOR (Halifax): Coming as I do from Nova Scotia, which has made such a splendid contribution of its men and women to all branches of the armed services, I wish to make a few brief observations in respect of this bill, a bill which has as its purpose the establishment of a Department of Veterans' Affairs under the direction of a Minister of Veterans' Affairs who shall be responsible for the care, treatment, training and reestablishment in civil life of ex-members of the armed forces and of persons otherwise engaged in pursuits relating to the war, and for the care of the dependents of such persons.

It must be gratifying to the minister who is piloting this measure through the house, as well as to the officials who have had the framing of the measure, to hear such warm commendations of the efforts being made by this government to take care of those who are fighting our battles overseas, our young lads, our men and our young women, who are engaged in maintaining that liberty we now enjoy. Splendid tributes have been paid not alone by members of this house, but by others throughout Canada, including leading newspapers and magazines. I have particularly in mind a eulogistic article appearing in the *American* magazine entitled, "Canada Cares For Its Heroes." I feel that portions of this article are entitled to a place on the records of the house.

Mr. Sumner Blossom, in an editorial in this magazine, states:—

> A most urgent problem facing the American people at home to-day is that of rehabilitating our returning soldiers and reestablishing them in civilian life. As this issue goes to press, our nation's plans in this respect are still in course of formation. President Roosevelt's recent proposals for blanket insurance for all veterans are still in the blue-print stage. There is already in operation however, one system which is probably the most generous, definite, and enlightened yet adopted by any member of the united nations. It is that of our neighbour, Canada. It assumes that every man or woman who returns from the battle front, whether disabled or not, is entitled to careful assistance and guidance back to stability and self-sufficiency.

The writer then refers to the fact that he invited the Hon. Ian Mackenzie, who planned and directed the system, to describe it for readers of the *American* magazine. Then the writer remarks that this achievement is a challenging yardstick for our neighbour, the great republic to the south, to follow.

I think that is one of the finest tributes which has been paid to the splendid work which is being carried on by the present Minister of Pensions and National Health in this important department. Not only do members of this house appreciate his efforts and those of his officials, but so also do the parents of those who are serving in the armed forces. I have had letters from a great many mothers asking as to the future of their children; and, because of publications which have beeen issued, I have been able to write

them intelligently as to the plans being formulated by this government to take care of their boys and girls when they return; I have also been able to advise the wives of men overseas as to the opportunities of rehabilitation for their husbands. So that this is indeed an important measure, and one which, if carried through upon the lines suggested, will be well received by all the people of the dominion.

I was interested in the very fine approach made to this question by the hon. member for Vancouver South (Mr. Green). He dealt with the subject in the broad manner in which he always approaches such questions. I was also interested in the references made by the hon. member for Royal (Mr. Brooks). I was pleased that he brought the attention of the house to the case of William Hall, a coloured gentleman from Nova Scotia who was the first man in North America to win the Victoria Cross. I am thoroughly familiar with the case, and was delighted, having already put the story on the record on a previous occasion, as was also done by the Minister of National Defence for Air (Mr. Power) some time ago, to have so full an account of this brave man's deed placed on *Hansard* in so eloquent a manner by the hon. member for Royal. I agree with what he said, and I support his suggestion that some society, the Historic Sites Society or some other, should undertake to erect at or near Windsor a tribute of respect to this brave man who has gone to the great beyond. Possibly the hon. member for Royal is not aware that we have in Halifax a branch of the Canadian Legion named after this hero—the William Hall, V.C. No. 57 branch, composed entirely of coloured men. It was my privilege and honour when that organization was first formed to provide them with a flag known as their legion flag. The branch is composed of some of our finest types of citizens—coloured men, certainly, nevertheless true and loyal and willing to do their utmost to bring about the victory and the peace for which we all hope.

I was surprised at a remark made by the hon. member for Cape Breton South (Mr. Gillis) when he was asking that additional employment offices or selective service offices and welfare offices be opened throughout Nova Scotia. I am in accord with this proposal, but his reference to Halifax, the capital of Nova Scotia, was a little out of place. He made the statement that Halifax is situated in the extreme western end of the province. I sincerely hope that he has not created the impression that we are located somewhere down in the woods. Halifax, as he must know, and as the minister well knows, is at about the centre of the province; it is the logical place for the welfare office. If it is decided to establish additional offices, that is fine, but we do not want the minister or his department to do anything which would deprive us of the Halifax welfare office, which is so efficiently operated by Colonel Mackenzie, D.S.O. To prove my point let me give some figures as regards distances. From Yarmouth to Sydney, that is, from one end of the province to the district which the hon. member for Cape Breton South represents, is 538 miles. From Sydney to Halifax is 288 miles, and from Yarmouth to Halifax, 250 miles; so that it will be seen that we have a central location so far as the welfare office is concerned. While Halifax is the logical place for the welfare office, we have a very fine type of man looking after the returned soldiers, a man who has been an outstanding figure in veterans' affairs in Nova Scotia. He is well-known to practically every ex-serviceman who served in the last war, and he has already made himself well known to a large number of those who are serving in the present war.

I rose more particularly to express my approval of the general principle of the bill. I will not refer to any particular clause or clauses. They have been already dealt with, and in my opinion the proper time to consider them in specific detail is when the sections come before the committee of the whole. I endorse, and I feel that the people will endorse, the general principle of the bill, but I would bring to the attention of the minister this consideration. I feel that the men who are serving at the present time—and the same goes for the women—are not familiar enough with the benefits that will accrue from this measure. In my opinion every one of them should receive a pamphlet of some kind outlining the benefits of the measure, the rehabilitation grants which will be provided, the scheme of vocational training, the medical treatment to which they will be entitled, pensions, the plan for soldier settlement and the efforts that are being made to take care of their future employment and reestablishment in civilian life. With that thought in mind I bring to the attention of the house, as I understand the hon. member for Trinity (Mr. Roebuck) did on a previous occasion, a very fine book which I purchased in a book store. I was not as fortunate as the hon. member, for I did not receive a copy with the author's compliments, but this is an excellent book entitled, "When the Boys Come Home", written by C. N. Senior. It is a book that everyone will enjoy reading. It is easy reading and is very informative. If this book or a similar one could be placed in the hands of every member of the armed forces

it would do much to satisfy them about their future welfare. More than that, I believe that the parents and members of the families of those serving should also read the book. It would show them what the government is trying to do for the members of the armed forces.

I will not go into details, but I might say in passing that the book touches upon a variety of interesting topics such as the post-discharge reestablishment order, Veterans' Land Act, historical background, pensions, hospitals, medical care, time of discharge, the boys in the merchant navy, and so on. The whole thing is well written, and the interesting point about it is that the author's royalties are pledged to the disablement fund. In other words, this well known official of the Department of Pensions and National Health, in his own time, has written a very fine book which I suggest should be placed in the hands of all members of the armed forces.

I desire to bring to the attention of the house one matter which I regard as very important, namely, the treatment of totally disabled veterans. I am sure every hon. member knows of some particular case, but I do not propose to deal with a number of complaints. We are bound to get complaints. When I first became a federal member I was besieged with requests to have cases reopened. It is hard to establish continuity in many cases. I went into these cases and, like other members, I have a file, not an inch or two inches, but many inches high, dealing with different cases. I could quote, as did the hon. member for Témiscouata (Mr. Pouliot), individual cases, but I do not think this is the proper place to do that.

I have had satisfaction from the officials of the department. Any cases that I have brought to their notice they have carefully considered and have taken the trouble to point out to me wherein certain cases did not come within the terms of the regulations, and as gracefully as I could I accepted the decision. I went back several times to make sure that no point was overlooked, and I always found them very willing to make a full review of cases in an effort to see that justice was done.

I said that I was anxious to bring this matter before the minister and to discuss the question of totally disabled veterans. I do not think I can do so better than by dealing with one individual case. The one to which I refer is well known to seventy-five per cent of Nova Scotians. It is known to a very large number of men and women who are serving overseas at the present time, because of the activities of the gentleman in question on behalf of those persons. He personally supervises the sending of 125,000 cigarettes every month. Through his efforts millions of cigarettes have gone overseas. When I describe this man to hon. members they will realize that the request I make to the minister in this public way should receive his sympathetic attention.

I have in mind one who has suffered for something like fourteen years, and I have committed to writing the thoughts I have in this regard. When I think of those who are prone to complain, my thoughts turn to a veteran of the last war and compare his attitude with that of those who complain. The veteran to whom I refer is Walter Callow, known as "the human log," a patient at Camp Hill hospital, Halifax. This man exemplifies in true fashion the virtue of patience so well shown in the Bible story relating to Job's afflictions. Callow, as before mentioned, is a veteran of the first great war. He was injured in an airplane crash. He is well known to the Minister of National Defence (Mr. Ralston), the Minister of National Defence for Naval Services (Mr. Macdonald), the Minister of National Defence for Air, and also the Minister of Pensions and National Health, who have all at one time or another visited this veteran at Camp Hill hospital. I have on many occasions called to see him and I wish I could depict to you, sir, in fitting terms the spirit of this man, the frame of mind and the cheerful greeting which he extends to his many visitors. Think of a man who has lain in bed for fourteen years, unable to move or turn; his arms and legs are twisted, he cannot move them; his neck is as stiff as steel. He cannot move his jaws, and now he is also blind. While he cannot turn his head he seems to know the footstep of every visitor. His mind is ever working, planning things to do to help our veteran soldiers, writing poetry on cards, raffling this and that to buy cigarettes for boys now serving overseas. With this picture in mind I just wish to recall that I knew him as a boy who played hockey games, who took his bumps, and it made no difference how big they came, they always found him tough. Do you think he complains about controls and restrictions? No, he never complains.

I have photographs of this man here which I wish I could pass around to hon. members so that they could see how deformed every joint is, and how they are out of shape. It is this man that I am asking the minister to bear in mind when he is building new hospitals throughout Canada and when he is building that fine new addition which he has promised

to Halifax, as an extension to the present Camp Hill hospital. I am asking him to provide suitable quarters in a separate portion of the building for this man who from day to day is compelled to lie and suffer. I am asking him to provide this accommodation so that this man may have some quietness of mind and that comfort by orderlies may be extended to him to make his remaining days just a little easier.

In conclusion, I hope the minister in his sympathetic way will take this into consideration when building future hospitals and particularly see if arrangements can be made whereby this veteran will enjoy the privacy of a small place that he can call his own and not have to wait for a new hospital.

Mr. GRAYDON: The minister will have plenty of support with respect to that plea.

Mr. J. R. MacNICOL (Davenport): I am sure the minister must feel highly gratified at the unanimity with which bill No. 83 has been received from all corners of the house. I am not rising to discuss the bill at any length. As other speakers have done, I wish to register my support of the bill. Had I not received two or three letters recently—one of them to-day—I would take my seat after having made these few remarks in order that the bill could get into committee more quickly and through the house. However, I am not going to apologize for speaking even briefly on this bill. Like the hon. member for Broadview (Mr. Church), who is known throughout the country as the soldier's friend, I in my time have had to do with a large number of soldiers following the last war. The section of the city of Toronto that I have the honour to represent sent a large number of soldiers overseas. It is true that the hon. member for Broadview received a title that so far as I know no one else in Canada received. It was conferred on him by royalty and none other than the present Duke of Windsor, who was Prince of Wales at that time. His Royal Highness visited Toronto immediately following the end of the war, and during the term of the hon. member for Broadview who was mayor of Toronto for seven years. At that time he conferred on the hon. member the title of "the soldier's friend." He richly deserved it for the service he had rendered to the soldiers. I left a life of what would have been leisure at that time to come here to serve the soldiers, having had so much to do with them following the last war, at which time I was president of the British Imperial association, as I had been during the war. That is a title I have always been proud of; it is a great organization.

When I heard the hon. member for Vancouver South (Mr. Green) say last night that this bill conferred wide powers on the minister I said to myself, I am glad to hear it. Quite frankly everybody in the house may not be glad, but on various occasions when I have spoken to the minister about certain veterans he has said to me, "If I had the power I would see that that man received redress." On many occasions I have heard that from the late chairman of the pension commission, General Macdonald. I happened to be in Banff on the day he died or the day after. In any event I went to pay my respects to Mrs. Macdonald. The body was not in view at that time. I should like to say here and now that this country was never served by a more sympathetic commissioner or chairman than the late General Macdonald. On many occasions he said to me, "If I had the power and was not circumscribed by those regulations I would grant relief." Therefore I am hoping that the minister, now having that power, will be able to transfer it to the new chairman, whom I have always found very sympathetic, and that is what one would expect from a man who comes from Glasgow, Scotland, the land of the minister. Therefore I am looking for great things from the minister since he has the power that the hon. member for Vancouver South referred to in his able speech last night. It was one of the best speeches delivered in this house in this debate. It was delivered in his usual capable way.

I am not going to deal with the whole of the bill but with section 7, paragraph (g). I think it covers what I wish to bring up. Section 7 reads:

(1) Subject to the approval of the governor in council, the minister may make such regulations, from time to time, as he may deem necessary and advisable.

I am glad the minister has the power. He is a returned soldier himself. I have always found him sympathetic to returned men. I hope the cases I shall mention will receive his special consideration. Paragraph (g) of section 7 reads:

for the payment of pensions out of moneys provided by parliament for the purpose to persons who, while rendering service to Canada in the prosecution of any war, suffer any injury or disease or aggravation thereof resulting in disability or death not otherwise pensionable or to the dependents of such persons.

Under that section I desire to mention one case of the present war. This is a letter I received from Sergeant R. Haire, of 19 Afton avenue, Toronto. I might say that in that

part of the city of Toronto there are two men who are of the type that render eminent service to returned soldiers. I really do not know what this country would be like without men such as the man to whom this letter refers, Thomas Baldwin, and another gentleman around the corner on Northcote avenue, by the name of Truman Meriam, also a returned soldier. Both men are the type of men to whom people in distress go, and they are never turned down. So the Thomas Baldwin referred to in this letter is the man I have just described:

Dear Sir,

I have recently returned home from overseas, and I was in a quandary as to what I should do in order to get compassionate leave, and of course I got in touch with Thomas Baldwin, whom I have known for this past ten years, who immediately wrote to you—

Being in my riding, of course they write to me.

—and explained my case, and in return I received a reply from you.

You stated in your letter that I should make out an application form for my release, which I did, and up until now I have had no word as to whether I am going to get this release or not. I was overseas for the last four and a half years, in which time the little cartage business I had has practically become extinct, and of course I would like to build up this business so as I could have something to return to whenever this war is over.

That is all I need read from that letter. This man's address is 19 Afton avenue, and what I have read will appear in *Hansard*. I should like to ask the minister whether he will have any power, through some of the ramifications of his big, new department, to assist a man like this to start up some little business such as he had before the war? That question need not be answered now; the minister can give me the information at another time.

The next letter I wish to read is from a returned soldier who served in the last war, who I believe was overseas for four years or more. I have taken up this case with the department many times, and this man has been here to see the department officials, whom he found, as I have always found them, to be courteous, considerate and sympathetic, but who under the present arrangement do not appear to have the authority which the minister will now have. Therefore I bring this man's case to his attention in the hope that when he reviews it some way will be found to help this man. This man, William Robertson, No. 534262, also was born in Scotland, I believe somewhere near Glasgow; his brogue is so good it is hard to understand him, and he always signs himself "Scotty". I know the minister will give fair play to everyone, of every race, and I only mention in passing that this man is from the old country. He has been in Christie Street hospital several times, and I have seen him in the most distressing circumstances. The last time I saw him he was in a very distressed state, but he has not been able to get more than a small pension, which I believe amounts to $22 a month. In fairness to the department I must say that they offered to put him on veterans' allowance, but he is a man of the sternest principles. He feels that if his physical condition is such that he is entitled also to the equivalent of veterans' allowance he is entitled to pension of that amount extra, and he feels that the only honourable way he can accept pension is for disabilities received in the war. I wrote asking for the name of his doctor, and in reply he says:

Sorry for delay in answering your letter. Just got over severe vomiting spell.

I have seen him vomiting very severely, when I would not have been surprised if he had passed out in his distress.

Well, Doctor Smith's address is Doctor Orminston Smith, 3 Regal road, corner of Regal road and Oakwood avenue, Toronto. No operation for the present. Strict ulcer diet—medicine—sunshine—complete rest and quietness. So I am leaving for Wasaga beach; a friend of mine has a cottage there. So I am going there to beat the white corpuscles, the reds are on the weak side.

I suppose that is a medical term; the white corpuscles destroy the red ones.

But the reds will win out when old man sunshine gets after them, and I hope to come up stronger than ever.

I have known this man for years. For reasons I am not going to mention there has been some conflict between him and the department, but then everyone cannot present his case in the nicest way. I have always found this man very reasonable, and I am going to ask the minister to have his case especially reviewed. If he is entitled to war veterans' allowance, why not increase his pension? Certainly his physical condition is such that if something is not done he cannot live very long.

I should like to mention one more case which I have taken up with the department many times. It is the case of George Stevens, 416 Salem avenue, Toronto, whose regimental number was 57727. This man draws a pension of $20. Some days ago I wrote Mr. Stevens asking him to restate his case, so that when the proper time came I might present it to the

minister and the house, and I am taking advantage of this opportunity to do so. He writes:

I enlisted in Toronto on November 11, 1914. I landed in France in September, 1915. I was gassed in April, 1916, by shell gas at Kemal and was sent down the line to Etaples, No. 18 general hospital, where I was for six weeks. Instead of me going on leave to England, which was due me, I was sent up the line again into the Ypres salient and in less than a week the action took place, on the 2nd of June in Ypres, where I was taken prisoner. The Germans lined me up with several more to shoot us—

I might digress here to say that I have heard him tell how he was lined up in the trench with some of his fellows after having been taken out of a dug-out. I doubt if any human being can picture the agony a man would be going through watching other men lining up ready to shoot him.

—but a German field marshal came along and intervened and told the guards to take us prisoners. Through the terrible mental ordeal I went through carrying four of our own wounded men out under our own shell fire. The German doctor at our dressing station commended me for my courage but said I was badly shell shocked. This doctor asked me to take off my tunic; he held one end and I held the other; we wrung it out and the perspiration rolled out of it as though it had been in the river, through this mental agony under fire. I was kept behind the lines for three days carrying out wounded men, and ammunition up to the line under our own heavy shell fire; and then we started our march into Germany which took three days, with the Uhlans as our guards, driving us along until we reached the first prison camp, Dulman, where we lived for the first six months on black bread and watery soup, until the food packages came through.

I presume he means packages from Canada.

Our next move was to a munition factory in Munster, where we refused to work on munitions, so they punished us by putting us in a detention camp and then taking us into a large room where they put high pressure steam on, with very little ventilation. Our clothes were taken away from us and we were in there for forty-eight hours on a diet of water. The air was so humid the perspiration just oozed out of us. When we came out we were almost too weak to stand. We were also clubbed with the butt of a rifle on several occasions. We were beaten with a rubber pipe. Our next move was to Minden where we worked in the camp and on the roads. We were there for about four months. Our last move was to Friedrichsfeld where we worked in the coal mines for nineteen months. We were maltreated there many times. The innocent had to suffer for the guilty, for if one prisoner done any wrong you were all punished. This punishment was standing in the pouring rain with your hands above your head for so many minutes, and then in another position with your hands outstretched for so long that you had not dare bat an eyebrow or the sentry would butt you in the back with his rifle butt. We were released three weeks after November 11, 1918.

[Mr. MacNicol.]

Now, just a word. I do not think any physician could possibly accurately diagnose the disability accruing from the distress suffered by a soldier under those conditions. It is a very difficult picture to describe. I present to the minister this case, one which the former chairman had before him on many occasions. That chairman is not here now, but he called me on the telephone at one time, asking me to tell Mr. Stevens that he was going to see that his pension was increased, as it should have been. Later, however, when it was not raised he informed me that because of the regulations he could not increase it. Had he lived I am sure he would have found some way to make the increase. Now that the minister has the power described by the hon. member for Vancouver South, I hope that this case, and the other one I mentioned, will come under his personal review.

I have had long contact with Mr. Stevens, and I can say that at times I have seen him in conditions of the utmost distress, almost unable to breathe. I have seen him sitting at the edge of the sidewalk, because of his heart condition. I cannot understand why a condition of that kind would not show up upon investigation. Some things have been found wrong, because he has been given a certain amount of pension, although not very much.

With the presentation of these cases I have completed what I wish to say at this time. May I compliment the minister upon the introduction of the bill; the whole house is behind it. With the new authority he now has—and I do not like to see him shaking his head, because I am taking the word of the hon. member for Vancouver South who, on no occasion, would exaggerate—

Mr. GREEN: Perhaps the hon. member had better read my speech again.

Mr. MacNICOL: I hope that the minister will make a personal investigation to see if adequate redress cannot be given to these two suffering returned soldiers, each of whom rendered conspicuous service in the last great war, and who now deserve infinitely more than they have been given.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. J. S. ROY (Gaspé) (Translation): Mr. Speaker, this measure, which is based on a principle of justice and a feeling of gratitude, is most timely. I believe it should be passed and carried out at once.

It certainly behooves the authorities and the people of this country to give serious thought to ensuring the reestablishment of veterans and the care of the wounded after the war, when the time comes to demobilize all those stout-hearted men who are now fighting in defence of an ideal. But it often happens that the worst measures are applied with the utmost strictness. On the other hand, measures that are infinitely better are applied neither so effectively nor with so much eagerness. Ever since the beginning of the war, that is in 1939 and 1940, when a campaign of voluntary enlistments was launched, we have heard members of the government and many people in Canada state that after the war on the return of those young men who had been called upon to uphold our cause on the battlefields, action would be taken with a view to ensuring them a better treatment than was given to the veterans of the great war, who were not, as we readily admit, treated as they should have been. I wish to quote, as an illustration, a case where that promise was not immediately implemented. In 1941, the veterans from the city of Quebec, organized into an association, requested me to point out to you and to the Minister of National Defence (Mr. Ralston) the serious grounds for complaint which they had in Quebec. Those veterans, after two years of war, could not obtain employment in arsenals. They claimed to be the victims of political discrimination and they voiced many other complaints of a rather serious nature. Following a pretty sharp debate with the Minister of National Defence, a board of inquiry was sent to Quebec with instructions to deal with those complaints. Its work had very good results. Such an incident shows that, two years after promises had been made to the men who are fighting in this war, no thought had been given to the matter of a fair treatment for the veterans of the last war. Therefore, I hope that we shall not be satisfied with making speeches, drafting an act and writing it into the statute books, but that the kindly feelings we entertain will move us to action, that this very necessary legislation which has the approval of everyone to-day, may find an echo in our minds and hearts, and be carried out at once.

(Text)

Mr. Speaker, notwithstanding the capital importance of this bill, I have been asked by Jubilee branch, No. 59, of the Canadian legion of the British empire service league, Gaspé, Quebec, to bring to your attention and to that of the proper authority in the house a matter which is of direct concern to the veterans. The following letter will explain the whole matter:

Gaspe, County Gaspe,
Quebec,
May 9, 1944.

Mr. J. S. Roy,
M.P. for Gaspé,
Parliament Building,
Ottawa, Ont.

Dear Mr. Roy:—

Major deGruchy of Cape-Cove, who is a member of this lodge, has sent us a copy of a letter which you sent him, from Mr. Macdonald, Parliamentary Assistant, to the Minister of National Defence, regarding the Canadian volunteer service ribbon.

In fairness to all who served whether for one or eighteen months, we, members of this lodge, feel that this matter should be brought to the attention of the ministers of national defence, and we would deem it a great favour if you, as our representative, would bring this matter to the attention of the house.

We are enclosing copy of an article which we are sending to the legion at Ottawa, and also a resolution from this lodge asking that in fairness to all those who volunteered and served and who were, for medical reasons or otherwise honourably discharged, that they be entitled to this ribbon as all volunteers who served eighteen months or more. These men who were not fortunate enough to complete this length of service showed their willingness by volunteering to serve their country in the time of need, and therefore, the least the Department of National Defence can do is to award this ribbon to all who volunteered, and make no distinction as to length of service. We trust that your representation may be the means of having this rectified.

We feel that we can safely say that anything which you may be able to do regarding this will be greatly appreciated by all concerned.

Thanking you for your kindness, I remain,

Yours respectfully,

Reg. R. deGruchy, Captn.,
President Jubilee branch, No. 59,
Canadian Legion.

I am pleased to say that I have had the cooperation of the parliamentary assistant of the Minister of National Defence, the hon. member for Halifax (Mr. Macdonald), who has devoted a great deal of his time in the course of two weeks in helping me straighten out this matter and to bring justice and satisfaction to these volunteers for active service who have been discharged for reasons of health. I should like to put on the record his letter to me dated Ottawa, June 6, 1944:

J. S. Roy, Esq., M.P.,
647 House of Commons,
Ottawa, Ontario.

Dear Mr. Roy,

Re: Canadian Volunteer Service Medal

I am now informed that the question of amplifying the eligibility provisions of governing order in council to include persons of any rank who have voluntarily served on active war service and have been honourably discharged or retired as a result of injury or disease or aggravation thereof, attributable to

or incurred during such active war service, is under active consideration at the present time.

I understand that the proposed extension contemplates persons honourably discharged for medical reasons and the question of awarding the medal to personnel of less than eighteen months' service honourably discharged for other reasons is not now under active consideration.

I think this will give you all the information that you need in order to answer the inquiries of the Jubilee branch (Gaspé) of the Canadian legion.

Yours truly,

W. C. Macdonald,
Parliamentary Assistant.

There is a ray of hope, but it looks to me as though a long time will elapse before satisfaction is given to these volunteers who have been discharged for honourable reasons, such as their condition of health. I again ask the Minister of National Defence (Mr. Ralston) to comply with the request of these volunteers who have shown earnestness and willingness to serve their country. They are entitled to recognition of the attitude which they took at the beginning of the war, the same as those who are still serving at the present time.

Mr. G. A. CRUICKSHANK (Fraser Valley): I do not intend to deal at any length with the bill now before the house. The minister has one thing in his favour; he comes from British Columbia and therefore he should know something of what he is doing.

I believe I can indicate my attitude to the bill in general by saying that I thoroughly endorse practically everything that has been said during this debate by Liberal, Conservative, Cooperative Commonwealth Federation and Social Credit members. I wish, however, to reiterate one or two points to which I think more attention should be paid by the minister, especially in his new department.

A reference was made by the hon. member for Vancouver North (Mr. Sinclair) to the attitude of the treasury board in connection with the claims of returned soldiers. It is a position which I have never been able to understand. I believe that the government would be well advised, particularly in view of some of the things which have taken place in the last forty-eight hours, to take measures whereby more members, if not all the members, of the board which handles any matters connected with soldiers shall be themselves returned men. I have every respect for the members of the treasury board. I do not know who they all are; I do not know what they are for; I do not believe they always know themselves what they are for; but I think the veterans are entitled to better consideration from them, particularly in view of what has been said by the Prime Minister (Mr. Mackenzie King) as to what we as Canadian citizens owe our returned men.

I would particularly impress upon the minister that in the past the whole onus of proving the veteran's case has been placed on the veteran. I saw the minister shake his head this afternoon when the statement was made by one hon. member, but it cannot be denied. I agree with a statement made this afternoon, which probably has been repeated by other hon. members who have spoken with reference to this bill, that if a man is accepted for service as A-1, he should be the government's responsibility in the category of A-1 from the time they take him into the army and for all future time.

Another suggestion I would make to the minister is that he eliminate red tape. As a member of the legion, and having been interested for many years in veterans' affairs, I know it requires a lawyer to understand the Pension Act and much of the other legislation having to do with returned soldiers. I am sure the minister is interested in doing everything possible to simplify all that concerns the veterans. It should not be necessary for them to have an advocate every time they approach a departmental official.

When the bill is in committee I should like to speak in some detail on the Veterans' Land Act, the subject in which I am particularly interested. Coming from British Columbia and from a large rural riding in that province, I am naturally more interested in the land act than in any other portion of the bill which has been so well discussed in this chamber, especially by hon. members who themselves are ex-servicemen. I do not believe that the Veterans' Land Act in its present form is of any value, at least in the lower part of British Columbia on mixed farms. In my opinion, which is endorsed by every organization I know of, from boards of trade down, in the Fraser Valley, it is absolutely impossible for a soldier, no matter what his training or his knowledge of agriculture, to start operations and look after his family, meet ordinary living costs, let alone pay any principal and interest, if he has only $1,200 worth of stock on a mixed farm. I believe that any agriculturist will bear me out in that contention. If the government wants to make the act effective, at least in the Fraser Valley and the lower mainland of British Columbia, it must give consideration to a larger grant for stock and equipment. Further the government have reserved some 700 Japanese farms for the men who are coming back. I am sorry that the Minister of Finance (Mr. Ilsley) is not in his

place, because this is more his responsibility than that of the Minister of Pensions and National Health (Mr. Mackenzie). It is out of the question for any veteran to settle on a strawberry or raspberry farm—that is what they all are—so long as he allows some bureaucrat who does not know a strawberry from a toadstool to set the price of these berries. I hope the Minister of Pensions and National Health will be the soldier's friend when it comes to endeavouring to put some pressure on the minister who is responsible in this connection.

I turn now to another matter. As I have said, I endorse practically everything which has been said by all hon. members in connection with the bill, and shall have more to say about it when it is in committee. I did not happen to be in the house last night; I was on other business with my room-mate, who has left to join his unit. I had the privilege during the two years he was overseas of looking after his riding; and we were checking over files and various matters which he wishes me to look after now that he is returning to active service. But I have discovered that an hon. gentleman with a wonderful military record took occasion to make an attack on my room-mate and colleague, the hon. member for Vancouver North. He also made some remarks about myself. I am not worrying over what he said about myself; he has said these things a few times before, and any time the hon. member for Témiscouata says anything about the member for Fraser Valley, Cruickshank gets some more votes. I should like to read a letter I have received from one of the most prominent members of the Co-operative Commonwealth Federation party in British Columbia. It is dated from Hatzic, April 27. This warrior friend of mine from Témiscouata has some favourite expressions which he likes to level at the Minister of National Defence (Mr. Ralston) and Barclay's bank and the civil servants; he also likes to tell me that I will not be re-elected. But here is the letter from Hatzic:

Dear George:

I have just read a couple of clippings in a Vancouver paper, which I enclose. I certainly approve of the method you have of addressing such men as herein indicated, J. F. Pouliot, for instance. You surely let them all know B.C. can speak for itself. The Speaker evidently knows his business too.

And this part I should like to bring to the notice of the hon. member who says to each member he does not like, "You won't be elected." I want him to hear this line from a past president of the C.C.F. association in my riding:

The next election may also prove Pouliot to be a false prophet.

So that I am not particularly worried about what the hon. member for Temiscouata may have said about myself last night or at any other time. The more he says, the more certain I am of being returned to Ottawa.

I think every hon. member will give me credit for the fact that I do not often either follow notes or read anything, but in order that there may be no misunderstanding about this I want to follow my notes fairly carefully.

I should like to turn now to the cowardly attack made by the hon. member for Temiscouata on the hon. member for Vancouver North. I say "cowardly" advisedly, for the hon. member waited until the hon. member for Vancouver North had left the house to return to his duties in the Royal Canadian Air Force before he made his slur. If the hon. member for Vancouver North were here he would be able to take care of himself.

That there might be no mistake to-day, I wrote the hon. member for Temiscouata as follows:

Ottawa, Ontario,
June 16, 1944.

Mr. J. F. Pouliot, M.P.,
House of Commons,
Ottawa, Ont.

Sir:

As I intend making reference to yourself in the house during the day, as a matter of courtesy I am writing you to this effect in order that you may, should you so desire, be present during my remarks.

I want it to be perfectly clear that I never say anything that I am afraid to say in front of a man; I never have done so and I never will. I want to quote the facts about the hon. member for Vancouver North because I want them to be accurate. The hon. member enlisted as aircrew on September 4, 1939, but because of his age he was not called up until the spring of 1940. He was then called as an administrative officer rather than as aircrew because the services felt that with his training he would be of more value in such capacity.

He bitterly resented this and attempted to remuster as a navigator in the fall of 1940 but was turned down on medical grounds as unfit for tropical service, which is amusing in view of his later service in the desert. He went overseas in 1940 and served with two Canadian fighter squadrons as adjutant. When the Royal Air Force raised the age for aircrew he applied and was accepted for aircrew, but this was stopped by the Royal Canadian Air Force. He then volunteered for service in Libya, reverting from squadron leader to flight lieutenant in order to do so.

He served from Alamein to Tunis, then in Malta, and he was the first Canadian airman to wade ashore from a barge in the invasion of Sicily. Yet he is referred to as a penguin by the warrior of Temiscouata. All any hon.

member need to do is to ask any airman what he thinks of Flight Lieutenant Jimmy Sinclair. They need only read *Hansard* of the past two days to see the many fine things which have been said by members of all parties about his efforts in the house for his comrades in the service.

Now let us examine the military record of the hon. member for Temiscouata. According to the Parliamentary Guide, which is issued to every hon. member, the hon. member for Temiscouata was born in 1890. On August 4, 1914 he would have been twenty-four years of age and in 1918 he would have been twenty-eight years of age. That is, during the last war his age would range from twenty-four to twenty-eight years. As an old soldier I know that is the ideal age at which to be a soldier. The Parliamentary Guide shows no record of service in the first great war.

According to *Hansard* the record of service of the hon. member in the second great war would appear to be to discourage the enlistment of farmers' sons and in no way to have encouraged the purchase of victory bonds to buy supplies for a gift to battered Britain. He has done more than anyone else to hurt the cause of unity by putting Quebec before the eyes of the rest of Canada in a light which in no way is the due of a province that produced the famous Twenty-Second Battalion, a unit which I had the honour to serve alongside in the first great war. No; the hon. member for Temiscouata who fights so courageously against civil servants or members of the armed forces who cannot fight back is not in a position to know what a slit trench in the bombed desert means, to know of sleepless nights on the sands, to live on iron rations, to share with his comrades the cruelties of war. How could he when he has never seen war, never known war other than that of endless speeches with an eye always on the battle front of the Temiscouata elections.

Unfortunately the rest of Canada judge the great province of Quebec by the utterances of such men as the hon. member for Temiscouata. When I go home to my riding, I am not asked, "What is the price of milk? What have you done about farm labour?" I am asked, and I am sure many other members from western Canada are also asked, "What are you going to do about Quebec?" I want to say to hon. members from Quebec that it is extremely unfortunate that their spokesman is apparently the hon. member for Temiscouata. I know he does not express the feelings of many fine members from the province of Quebec. Every time I go back home I defend the province of Quebec.

[Mr. Cruickshank.]

Quebec is a wonderful province and has made a great contribution, not only to the present war but to the last war. But unfortunately such men as this broadcast their remarks across Canada as representing the soul of Quebec. I do not think it is the soul of Quebec to call an airman who volunteered in 1939 a penguin when he served throughout the Africa-Sicily campaign, to call him a penguin when one son of the Minister of National Defence for Air (Mr. Power) is serving as adjutant of the squadron in which the hon. member for Vancouver North served. Another son of the minister is a prisoner in Hong Kong, and yet this so-called spokesman for Quebec calls my room-mate, a soldier in this war like Flight Lieutenant James Sinclair, the hon. member for Vancouver North, a penguin.

I want to tell the hon. member for Temiscouata that I think I speak not only for my province but for all members in this house when I say that they bow their heads with shame that any member should defame a fighting man from Africa and Sicily by calling him a penguin.

Mr. W. K. ESLING (Kootenay West): Mr. Speaker, the placing of veterans' affairs under a separate department is not only acceptable to the men of the armed forces but I know it will be very desirable to the administration especially when these men are returning from overseas in greater numbers. The bill makes provision for the care and training of veterans, especially disabled veterans who, I take it for granted, will be cared for and treated under the Department of Veterans' Affairs. I assume also that the blind veterans will come under the care and direction of the Canadian national institute for the blind. Certainly they could get no better care. I notice that one section of the bill gives the minister direction and control over the workshops of the institute in which the blind will be trained, but I take it that there will be an arrangement made between the Canadian national institute and the administration.

There is not much that can be said on this bill without repetition, and the debate has been a series of repetitions. In the regulations issued under a recent order and which became effective on June 1, reference was made to the members of the forces who served in the northwest rebellion. The hon. member for Broadview (Mr. Church) has been most persistent in his plea on behalf of the members of those forces. He has asked that they be brought under the War Veterans' Allowance Act. Pensions are provided for the disabled, but unfortunately these men do not come under the benefits of this act.

There are not a great many of them. A man who enlisted at the youngest age of eighteen in 1885 would be seventy-seven years old to-day, so that I think it will be admitted by all hon. members that if the treasury board showed a little generosity it would not make much of a dent in the federal exchequer to permit these men to have the benefits of this act which would give a man $30 a month if he were single and $60 if married. These men were looked upon as being heroes in the days of 1885. It was a long arduous march which they made and they encountered considerable exposure. The answer made to the hon. member for Broadview was that in order for them to come under the War Veterans' Allowance Act it was necessary that they have served in a theatre of war, were sixty years of age and in necessitous circumstances.

I have had cases before the war veterans' allowance board and they were disposed of promptly according to their merits. I had one case of a man who had not gone out of Canada and another one who had not gone any farther than England. The board very rightly said: "By no stretch of the imagination could England be considered as a theatre of war in the last war." Neither could Canada be declared a theatre of war at that time. Therefore that disposed of the contention that these men could not be granted an allowance. There was another reason given, namely, in order to accommodate these men the territory covered by the north and south shores of the Saskatchewan river where the uprising took place would have to be declared a theatre of war. It was not a theatre of war such as we know to-day. But there were four or five battles fought there and some four hundred men were wounded. There were also twenty-six killed. In the battle of Batoche fifty-one rebels were killed. The five battles are recorded in the archives. They were the battles of Frog Lake, Fish Lake, Batoche, Cut Knife and so on. There were five places in which there were encounters. Many were killed and wounded and many more suffered from exposure. Some six hundred mounted policemen joined that force. Those who were wounded were pensioned. The minister will remember that a few years ago a cash gratuity was given to the survivors, but none of them have come under the War Veterans' Allowance Act. In my own town I have three or four of those old veteran mounted policemen. There were some who were not in the police force. There were five thousand members of that force. There were infantry, cavalry and artillery forces from the cities of Quebec, Montreal, Ottawa, Toronto, Kingston and Calgary. As I say, it is all recorded in the archives of this country. By the way, very little of the history of the rebellion comes to the attention of readers of to-day, but correct reports are kept in the archives branch. I believe that the government would be justified—and I appeal to the minister to give thought to it—in bringing the members of the forces of the northwest rebellion within the benefits of the War Veterans' Allowance Act.

Another matter which has been mentioned in connection with this new department is that of bringing the soldier settlement board within the terms and the orbit of this act. So much has been said about it that this is one case in which there is real repetition. The hon. member for Battle River (Mr. Fair) and other hon. members from all parts of the house have suggested that the indebtedness be wiped out entirely. It was a hazardous and uncertain game to start with. Twenty-five thousand soldiers took advantage of the Soldier Settlement Act. We all know the adversities with which they were faced, so much so that thirteen thousand, according to the reports issued just prior to the outbreak of the war, had abandoned their venture entirely. A few have paid up and acquired titles. Some eight hundred had traded or disposed of their equity. But the point to remember is that many of them were able to secure reductions; as a matter of fact they all secured certain reductions. They had reductions of interest, bonus payments and so on two or three times. But there was one point that they did not all take advantage of and that is the only point on which I am going to make my plea on behalf of the soldier settlers. Many of the soldiers took advantage of the Farmers' Creditors Arrangement Act to such an extent that they materially reduced their indebtedness. Far more did they reduce their indebtedness than did many who paid their principal and interest. The reason why they did not all take advantage of it was that they were not all in the same financial straits. As I said, they had paid their interest and principal and were not called upon to make a settlement; whereas the field men, in some instances at any rate, when they went around and tried to make collections from those settlers who were in arrears actually suggested that they take advantage of the Farmers' Creditors Arrangement Act and materially reduce their indebtedness.

The Farmers' Creditors Arrangement Act was nothing more than a method of permitting the farmers to go through bankruptcy, a method which did not apply to them until the act had been brought into force along about 1930. As I say, there were those who did

not pay but who took advantage of the re-arrangement of their indebtedness when the Farmers' Creditors Arrangement Act came into the picture and they were far better off than those who paid. Therefore my one appeal to the minister, since he is taking over this new department, is to start with a cleaner sheet by putting every man on a level and allow those who have not had the benefit of reducing their indebtedness through the Farmers' Creditors Arrangement Act to take that advantage. At the present time it applies only to Alberta and Saskatchewan, and since the end of the year to Manitoba. It should be made retroactive to British Columbia. I think it would be doing a gracious act and it would be cutting down the indebtedness of the soldiers. You would be putting them more on an even basis if you were just to all of them, and you can only be just to all of them by relieving those who did not apply for that re-arrangement under the Farmers' Creditors Arrangement Act and reducing their indebtedness to the equivalent of those who benefited.

Hon. J. L. RALSTON (Minister of National Defence): I want to take the opportunity which this debate affords to say a word or two to the house in explanation of the organizations which have been set up in the three service departments, which organizations have to do with what we call discharge affairs. I trouble the house to listen to me in this matter because there has already been some misapprehension with regard to the office which these organizations have to fill in the service departments. I want it understood at the outset that those services which I shall describe in a moment are purely intended to be supplementary to the services which I believe, and I am sure ex-servicemen generally believe, have been so efficiently rendered by my colleague and his Department of Pensions and National Health with respect to returned men's problems. But it has seemed to some of us that there is a tendency—and this happens in connection with not only ex-servicemen's affairs but other matters as well—to separate governmental departments into water-tight compartments and, as some of the public have flippantly described it, for one department to "pass the buck" to another.

There is a clear line of demarcation between the objects and functions of the Department of Pensions and National Health and those of the three defence services represented by the Departments of National Defence for Army, Air and Naval Services. That clear line of demarcation is that theoretically and perhaps legally, the three defence departments have nothing to do with a man after he is discharged from the defence services. From that time on the Department of Pensions and National Health takes him on, and some people might say that on this account the three defence services have nothing to do with a man who is prospectively to be discharged, because, after all, whatever is eventually to be done with respect to him must be done by the Department of Pensions and National Health. So that the impression has gone abroad that the appointment of the three officers who were mentioned in the press announcement a week or so ago was in some way infringing upon the Department of Pensions and National Health. I know my colleague and his officials understand perfectly that this is not so. I want to say that there is the closest cooperation between us, and I should like this house and the country to understand that there is neither any intent to infringe nor any infringement of any kind. I have believed that instead of departments working in water-tight compartments—not, as it were, not letting the right hand know what the left hand does—it is necessary—and this applies not to departments alone but to branches of departments—that departments, instead of working on their own, should integrate, should mesh or gear into each other in their activities—I do not like the word "coordinate" so much—and that is exactly what the organization of which I shall speak in a moment is intended to do. That is, it is intended to gear into the activities of the Department of Pensions and National Health, but to do so in advance of the man leaving the service, so that he may have the benefit of a certain amount of advice, a certain amount of knowledge, a certain amount of training and a certain amount of planning by the defence services themselves, of which he is a member. In this way he may be better prepared, and have better facilities provided, to return and take up his position in civil life.

While I am speaking of the Department of Pensions and National Health, I want to remind the house that when the time comes for a man to be discharged or, even more important, when the time comes for general demobilization, you will find that there will be interested in that man not only the three defence services but also the Department of Pensions and National Health, which has had to do primarily with pensions and treatment of disabled men; the department of reconstruction, which will have a tremendous amount to do with the matter of providing employment, I mean by way of the conversion of war industries to civilian production—

Mr. GREEN: Will that department have anything to do with the individual man in the forces?

Mr. RALSTON: It will have to do with the provision of work which will be available to the individual.

Mr. GREEN: But it will have nothing to do with the actual individual?

Mr. RALSTON: Of course the department of reconstruction has not been set up, but it will have a very real job to do at least in connection with ex-service men in the mass, to provide and assist in providing employment which may be useful in helping them to return to civil life. Then there is the Department of Labour—perhaps I should have put it in the second place—which will have a great deal to do with the placement of men in various industries, subject, of course, to the right of those men to receive their old jobs back under the provisions of the legislation already in force. So that there are the armed services and these three departments particularly, and there may be others, all of which will have something to do with the ex-service man.

This is what the armed services have done. I am not going to use the word "discharged" any more than I can help, because I am not particularly enamoured of it. I like to think of the transition, shall I say, of a man from service to civilian life simply as the "change-over" from war service to peace service. Looking forward to that change-over, the defence services do not take the position that they are not concerned with a man after his discharge. Neither do they take the position that they are not concerned with the man who prospectively will be discharged. They believe that they have some duty and responsibility to him in both those aspects. The reason is that it is felt that the defence services know something about the work that man has done. He has been a member of the fighting forces which have been under the administration of these departments. He has assisted in carrying out the duties of fighting men, in carrying out the duties laid upon these departments to maintain Canada's armed forces. So that it does seem desirable that the point of view of those men with regard to what provision should be and can be made for their return to civil life, or their "change-over", should be represented by someone who knows something of the difficulties which they have had to meet. By that I mean the point of view should be represented by someone who has been in the fighting services and, more than that, someone who has been in the fighting. That is the first principle, that the point of view of the man himself or of the body of men should be represented by those who know that point of view, either by direct experience of their own or by learning from those who have had direct experience; I mean their point of view in connection with the measures which must be considered for the purpose of helping to rehabilitate ex-service men. The list of such measures or at least of subjects dealt with in that way is really a long one.

I have an opportunity, as probably many other hon. members have had, of reading the resolutions and reports on rehabilitation in the proceedings of the Canadian Legion convention in Vancouver a very short time ago. Those resolutions, on various subjects which vitally affect ex-service men, cover page after page. I am sure I do not need to say, for hon. members of the house and the country will agree, that the Canadian Legion all down through the years has represented the ex-service men in a very fine way in connection with legislation and individual measures which might be for their benefit. On the whole I think one can say that their attitude has been very tolerant, helpful and considerate. With many of the resolutions, of course, I may not agree entirely, but the tone, temper and general nature of those resolutions are such as to commend them to the public generally, I should think, and would indicate that they took a serious view of their responsibilities in helping to represent the ex-service man. But I am sure they would be the first to agree that men in the fighting services and on the fighting fronts to-day would be glad also to have the benefit of the representations which come from those fighting fronts, from men who are there and men who come from there, that they may help in moulding the legislation and measures which are to be for the benefit of those men when they come home.

That is the first office which the three fighting services wish to help perform. Flowing from that, as hon. members will see, is this point, that there is a real matter of military efficiency involved. That comes about in this way, that the more assured the men in the fighting services, who are on the beaches of France or in Italy to-night, and the more assured their dependents are that their interests are being and will be looked after by those who know something about the situation, and less their worry and consequently the better for military efficiency. That also is a factor which the defence services, I think quite properly, consider important in connection with this activity which they are undertaking. They consider that the morale of the fighting men, the morale of the dependents of the fighting

men, and the morale of the country generally, benefits from an active interest being shown and active and effective work being done to help see to it that the measures taken are worthy of the men and women themselves and of the service they are giving overseas. So that each department has set up an adviser on discharge affairs; in two departments they are called advisers, while I believe the Department of National Defence for Air calls the officer the director of demobilization.

They have not a large staff, but they are charged with the responsibility in two different aspects. First let me say this, that they are not charged with the routine of demobilization of the soldiers. By routine of demobilization I mean the sort of medical examination they shall take, where the examinations shall be held, the make-up of the boards, the matter of pay, the forms to be used on discharge or demobilization, the arrangements regarding transportation. They do not deal with these matters of routine. At the present time they would not deal with the order in which demobilization shall take place. That is to say, that for the present at least they do not advise on the formula which will be adopted to decide when men will be demobilized first when general demobilization is attained.

It is not routine that they are dealing with. That routine will involve, when the time comes, putting the branch of the adjutant-general, which has been getting men into the services, into reverse, and taking the men out of the services, by making the change-over to civilian life. That routine is not anything that any two or three or half a dozen men can do. It will require the activities of the whole man-power side of the adjutant-general's branch, and probably more.

What those men are dealing with is not merely routine. That is to say, it is not simply the mechanics of turning men out into civil life, through the use of certain procedure and forms. But what they are dealing with is the welfare of the men who are being discharged, the matter of the amenities which can be provided for them, and the matter of the aid which can be given to them, in order that they may be absorbed, and absorbed properly, into civil life.

I just wish to deal here with two phases of that activity. First, it will take the phase of activity within the service, activity while men are still serving. That involves, some day, the matter of vocational training. There will come a time in the war when operational activities will cease—and pray God it may come soon. I, as Minister of National Defence have very little hope that it may come soon, but we must plan for it when it does come; I wish the house and country to understand what we are trying to do. What we will face at some time is a period of inactivity in the army, because there cannot be general demobilization all at once. And when that period of inactivity comes we will have to arrange that those periods are utilized to give useful vocational training while men are still in the army, training which will anticipate the training which will be given later by the Department of Pensions and National Health, or by the Department of Veterans' Affairs, and which will gear into that. That is a matter for planning and advice by those officials.

They will also have to be in close touch with the educational activities of the respective defence services. That education is being carried on to-day, for the primary purpose of making the man a more efficient soldier and, secondly, to be useful in helping the man to be a better and a more productive citizen. It is in connection with this latter objective that these officials will help to plan. Then there will be measures for their assistance in connection with their discharge.

The matter of clothing allowance has been mentioned. That matter of clothing allowance is one which is looked after by the three defence services. That matter of the assessment of or the fixing of a clothing allowance and advising on it, and comparing it with those of other countries, and seeing what is fair and reasonable, is a matter which would be within their purview, I would say. The matter of leave which a man gets on discharge is another thing which would come directly within the defence departments, the army, the navy and the air force. These officers would advise on that. Then there is the matter of war service gratuity. Here again these officers will study and advise, taking account of the various representations and suggestions made, and the conditions in this country affecting such assistance.

I could go on to discuss other matters, but I do wish to say further that their job will also be to plan and advise on arrangements to inform sailors and soldiers and airmen while they are in the army, and while they are still serving, and while they are still fighting, of the provision which is being made for them when the time comes for discharge.

Those are the activities in the army. While they may, and do, refer to general demobilization, we must not forget that discharges are taking place continuously. In the last sixteen weeks, for instance, we have discharged from the army about 11,000 men. Those men being

discharged from day to day have to be discharged properly and have to be looked after when they are discharged from the three services. We would like to have the activity of these officers to begin early and not wait for general demobilization, in order to take in the large numbers of men who are discharged from time to time. Those are activities which are taking place within the armed services.

The other activity is one which perhaps the house may think may be apt to infringe upon the Department of Pensions and National Health or the Department of Labour. Those activities have to do with the measure which would take effect after discharge. I mean, for instance, how much we will allow a man, or how much the Department of Pensions and National Health will allow a man while he is on vocational training. Or it may be the matter of veterans' homes, or many other post-discharge benefits.

You may say that the fighting services have not anything to do with those matters. But they do have ideas, and those ideas are from the men in the armed forces themselves.

Measures of that kind, as I said a moment ago, are referred to in the resolutions passed by the legion. They are very many in number, and the items covered a great many objectives. All those matters are things on which these officers will help to plan and advise.

I am not going to talk about the merits of these matters. I think most members will agree with me when I say that the most important and the most outstanding measure, either of benefit or right, which the government could provide for in the interests of the men and women of the services when they are discharged is the matter of full employment. And if full employment is provided, a great many problems may never arise.

In that connection, obviously, there will arise questions in connection with civil service employment. Then there will be questions of the status of ex-service men in respect of government industries which have been converted from war-time to peace-time activities. What shall the status of ex-service men be in respect of those? Then there are questions of administration in connection with the service man's right to employment in their own jobs, and so on. There will arise questions involving the Department of Reconstruction and the Department of Labour. There will arise questions in connection with the Veterans' Land Act, which has already been passed. There will arise questions of vocational training, and the allowances which will be made and the facilities which may be provided. There will be questions with regard to the men engaged in the fisheries. The measures to deal with these subjects will be proper matters for planning and advice by these officers in the three defence services, sitting in with the officers of the Department of Pensions and National Health.

There has been a great deal of discussion about small business, and other occupations and professions, in respect of which assistance has been suggested. Then there will be the question of pensions and treatment, which is always with us. And there will be questions regarding allowances for ex-service men on training or treatment. We believe that the officers of the three services can help in planning and advising on such matters.

I wish to close by repeating that the desire of the service departments is—and it is fully understood by the Department of Pensions and National Health, and by the Department of Labour, and I am sure will be agreed to by the Department of Reconstruction—that these officers function in integration with and geared in with the activities of these other departments, not to take over or infringe on any of their functions, but to help by planning and advice, with a knowledge of the point of view of those who serve in the armed forces. You will find that most of their work will be done by way of interdepartmental committees or boards on which the officers representing the armed services will sit down with the officials of other departments and endeavour to work out common problems, bringing to all concerned the point of view of the men and women in the fighting forces.

I have taken longer than I had expected, but I just wanted to make that explanation. I have spoken particularly of army activities, but I have endeavoured to represent the point of view of my colleagues, the minister for air and the minister for naval services. We feel that in this way we may be able to furnish some assistance to the men and the women in the fighting services and their dependents who are bearing the real burden and paying the real cost of this war in separation and anxiety and sorrows, in wounds and in life itself.

Mr. NEILL: Would the minister say a word about the merchant marine?

Mr. RALSTON: I am not in a position to say a word about the merchant marine. I purposely refrained from doing so because I thought that is something on which these officers might not be of very much help. They would be very glad to sit down and consider their problems but would certainly not be regarded as representing the point of view of the merchant marine, except to this

extent, that they can at least bear testimony, if testimony were needed—and I know it is not in this house and in the country— to the vigilance and faithfulness and loyalty and outstanding work which these men, perhaps almost the forgotten men, have done and are doing in keeping the sea lanes open and in carrying across the seas the munitions and supplies that are required to win the war. I am sure that all would realize the worthiness of any representations which they might make for proper and just recognition. I hope the explanation I have made with respect to the three services and what they are trying to do may help to clear the situation slightly with regard to these activities.

Mr. KINLEY: I might suggest to the minister that the education of navy men to become officers of the merchant marine might very well come under a committee of this kind.

Mr. RALSTON: That is why I said I was speaking for the army. I did not attempt to cover all the activities which these advisers might undertake. I am quite sure that the representatives of the naval service might well have in mind the activities of the men of the merchant marine.

Mr. KINLEY: I had in mind it was an integrated service.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, I am sure that the house will be pleased to know that the Minister of National Defence (Mr. Ralston) is going to set up this new organization, representative of the three fighting services, to cooperate with this new department which is being set up. I quite agree with him that such an organization was lacking in the last war, and I agree with him also as to the possibilities of such an organization being of great assistance in this war.

There is no doubt that when the men are about to be discharged from the armed services they are in a great hurry to get home, and they do not understand all the regulations and all the provisions that have been made for their benefit until it is too late. Then they are sorry that they were not a little more cautious in the first place. This new organization which the Minister of National Defence has spoken of will be of great assistance. He mentioned that it would be its duty to look after the welfare of the men and that it would contain men of experience with army life who would be in a position to advise the men of the armed forces as to their new associations in civilian life.

The minister also referred to the matter of clothing and said that it would be part of the duty of this new organization to advise the new department on the amount of clothing that would be required upon discharge. I wish to say a word about that and I think this is about as good a time as any to say it.

I am sure that if this new organization is conversant with the needs of the soldiers when they return to civilian life it will realize that the amount of $65 which is now allowed for clothing allowance is certainly not sufficient for the soldiers to make a change-over from active service to civilian life. I would suggest to the Minister of National Defence that this new organization would be well advised to make out a list of the essential items of clothing required by the men upon discharge in order that they may start out decently clothed in civilian life. Let this organization figure out if it requires one suit or two suits of clothes, a couple of pairs of shoes or more, an overcoat, a hat and so on, whatever they think may be required, and then, when they have the list complete, find out what it would cost at modern prices and then say: This is the amount that we recommend for a clothing allowance. I am quite sure that the minister of this new Department of Veterans' Affairs will find out that $65 will not be sufficient to provide the clothing required.

I have received I do not know how many letters on this subject. I have a file of them here. They all complain of the inadequacy of the clothing allowance. I received one such document this afternoon. It is really a petition with sixty-five names attached of men in the Canadian armed services. They are petitioning us now, pleading with members of the House of Commons to give them a greater clothing allowance than the $65 which is now provided. I do not think there can be any argument in that regard. If we were living in a country which could not provide these things it might be justifiable for us to say that we can allow only $65 for clothing, but we are certainly not living nor shall we be living after this war in a land where these things cannot very easily be produced. We have wonderful potentialities of production when we change over from war-time to peace-time production and we can produce far more than is required to satisfy all our wants. So why be niggardly about this clothing allowance? This petition which I received has names of men from Drumheller, Calgary and various other cities. The men in the armed forces are very much concerned over this clothing allowance. I hope that the Department of Veterans' Affairs will not be limited by any miserly outlook in this matter but will provide a decent clothing allowance for the men upon discharge.

I wish to associate myself with the remarks made by the hon. member for Battle River (Mr. Fair) in regard to giving to the returned soldier settlers clear titles to the land on which they are now settled. I am not going to go over the ground that he covered so thoroughly and ably, because he put the case in such a way that it needs no further argument. I am quite sure that the minister of pensions, the minister who will be presiding over this new Department of Veterans' Affairs, is quite conversant with the facts and is sympathetic toward the men getting clear title to their land.

In this regard I think the evidence is clear, not only in the communications which have been sent to various hon. members, including the minister himself, but in the presentations which have been made in person to the minister and his officials. I met the delegation who came here to interview the minister. The meeting with the minister was arranged by the hon. member for Battle River. The delegates were courteously received and patiently listened to; they were well pleased with their reception, and the only thing which remains is for action to be taken as a result of their interview. If no action is taken these men will be very much concerned. I am not going to argue the subject now, because I am convinced that serious consideration will be given to granting clear titles to these men. Certainly this concession should be made. It would have been much more economical if we had given the land outright at first. I am not so sure, in spite of the provisions of the new Veterans' Land Act, but that the department would be farther ahead to take a lesson from the experience we have had since the last war and give these men titles to their lands. Administration costs would be saved; departmental headaches would be avoided, and none of the difficulties which attach to the proposed operation would arise. I shall rest my argument at this point, and when the bill is under discussion in committee I may have something further to say about it.

Mr. A. R. ADAMSON (York West): Before the question is put, I should like to go on record as congratulating the hon. member for Fraser Valley (Mr. Cruickshank) upon what he had to say to-night. I hope that chivalry and honour are sufficiently alive among us that we in this house will not allow to pass unchallenged slurs against a member who has served his country well, and served it in actual combat duty. One can only hope, also, that chivalry as well as honour are not dead in the province of Quebec.

I suggest to the Minister of Pensions and National Health (Mr. Mackenzie) that he call the department to be set up under this bill the department of warriors' affairs. I recommend that for two reasons. First, I have had a number of letters concerning the term "veterans" and what it meant after the last war; second, the name "warrior" is a good English word. Its definition is, "one who is experienced in war." We have in Toronto a warriors' day at the annual exhibition, and the use of the term "warrior" has always been considered favourably. It does not denote age in the way that "veteran" does.

In this connection we have to deal with a very different problem at the end of this war from that which faced us at the end of the last war. The problem is different psychologically; we are dealing with a different kind of man. It is not that he is any braver or more patriotic than the soldier of the last war, but he has had a great deal more technical training. In the last war the fundamentals of service were that you should be able to march, that you should be able to shoot, that you should be able to keep yourself clean and that you should keep your head down. There was really only one weapon that you had to understand and that was the rifle; later on, the Lewis machine gun. An hon. member adds "trench mortar", but trench mortars were a specialist weapon, and it was not until quite late in the last war that they became plentiful. But in this war the infantryman has to know at least seven weapons; he has to be pretty well informed about tactics, and he has to be able to carry on and think for himself as an individual. No more is it true—and this is, I think, one fundamental difference between this war and the last—that a sergeant-major may get up and say, "You are not supposed to think", as sergeant-majors used to do in the last war. In this war you are supposed to think, and you are given a great deal of intensive training.

When the men who served in the present war are discharged they will be trained men; they will have been trained to use a number of weapons and to think for themselves, and this will be a great asset, because many opportunities will arise in Canada in the shape of new industries. The radio industry, the science of electronics, the plastic industries, the aircraft industry are examples; all these will require many men, but the men they will require will be those who will be trained in the new sciences. Those sciences are not taught at the technical schools or the universities; they are taught only in the plants which are established

to produce these new materials—some of them still on the secret list. They offer to our men a great future, and I suggest to the minister that he make a survey of these industries and arrange with them to take for training men discharged from the army.

There has been a great deal of talk about education; but after a man has been in the army, the air force or the navy for four or five years, he is not psychologically prepared to go back to school or university. He wants to start out at once to earn a living. This point of view is, I think, well expressed in a letter I received from an airman serving in the far east. I will quote one paragraph because it seems to me significant. He says:

I don't think that the average man, in the service which, I know, wishes or expects any sort of a handout after this war is won. Yet I believe that, for our own and the dominion's protection, some method of placement should be adopted just so long as no compulsory placement is attempted. A great "to do" is being raised about the educational opportunities the government will provide. Very good for a few but hardly a plan which will affect the many. For example, of the forty or so Canadians with whom I am in touch (all rather above average in educational standards) only two are seriously able to consider future education at the government's expense—and it is doubtful if even one of those will take advantage of the offers.

That is an individual case, but I consider it symptomatic of the position of the majority of the members of our armed forces to-day. I do not think there will be a strong desire on the part of many to go back to school or to go back to the university. Let us look at the position in which these men will find themselves. First of all, despite what critics may say, they will have had the priceless opportunity of knowing armed combat. Furthermore, they will be four or five years older. If they go back to the university they will find themselves men in classes along with mere boys. That is one of the psychological problems which we cannot overemphasize.

The next and very important question is the economic one. Many of these men have married; a great many of them are considering marriage, and they are four or five years older. At that age it becomes necessary for them to consider, not education but the immediate earning of a living. Therefore I believe that the first problem, as the minister has intimated, will be to provide employment in industry where expansion is most likely to take place. I make this suggestion because I understand it has been carried out elsewhere, as I shall mention in a minute.

Let me say a word with regard to the development of the farm. If there was criticism to be levelled against the administration after the last war it was because they put men on the farm who did not know the problems of farming. Not only did they not know the problems of farming, they were psychologically not attuned to life on the farm, particularly after life in the armed services. I know of several cases where they found the loneliness of life on the farm a very serious drawback. They found the change-over from being looked after for twenty-four hours a day to being completely on their own too great a psychological change to be undergone. Many of them became unhappy because of that change.

I suggest to the minister that before he puts men on the farm he give them an opportunity to know rural work. I speak for southern Ontario, the part of Canada I know best. We have there a serious problem of soil erosion, the destruction of our forests, the depletion of our agricultural resources, caused by a lack of water through the drying up of our streams. Only an infinitesimal part of the job has been done in tackling the problem. Of the many hundreds of thousands of acres in this rich agricultural belt, only King township and the interlobate moraine of the Ganaraska valley have been adequately surveyed.

I suggest that immediate steps be taken to create survey parties to make a complete study of the reconstruction and rehabilitation or the bringing back of this great agricultural belt of southern Ontario to the state in which it was before we and our ancestors did it such grievous damage by cutting trees, destroying streams and so on. No one who knows that part of the country can underestimate the seriousness of the situation. Let me give one example. In the Peel plain, the great fertile belt represented by the leader of the opposition, seventy per cent of the water in the streams has been lost from the early days. That is a serious situation we must face.

I suggest that one of the first things that men who want to go on farms after the war should be asked to do is to make up survey parties to study the conditions of the land. This would do a number of things. First of all, it would provide an essential service. I stress that because it is essential. We have to understand, we have to have much more knowledge of the problems of the land than we have at the present time. Second, it would give these men coming out of the army an opportunity to know what rural life was like, what farm life was like and what the problems of farming were. They would be given that opportunity at first hand immediately on coming out of the army. They would

not have to take the irrevocable step of deciding to go on the farm before they realized what rural life was like. I think this is very important, particularly when we consider the type of man being discharged to-day from the army, navy and air force and the type of man who will be discharged at the end of the war.

Another suggestion I should like to offer is that if this country is to fulfil its destiny, that destiny is closely associated with the development of our minerals. I shall not go into the state of our mineral resources to-day, but let me say just one thing. Of our present splendid production eighty-four per cent comes from mines discovered over twenty-five years ago and only five per cent from mines discovered since 1930. That is an extremely dangerous, even perilous, situation not appreciated, I am afraid, by this government or its predecessor.

One of the immediate problems of the post-war period will be the discovery and development of our mineral resources which now are merely indicated. I again suggest to the minister that he, in conjunction with the Minister of Mines and Resources (Mr. Crerar) undertake now the establishment of numerous survey parties. Subcommittee No. 2 which has to do with reconstruction said that thousands of prospectors would be needed. Professor Wallace used the word "thousands". That number will be needed if we are to take any recognition of what Russia, a country less blest with mineral resources than ours, is doing. Immediately before the war they had something like three hundred thousand men actively engaged in exploration for minerals. I suggest that here is an immediate opportunity for men being discharged from the army. It does two things. It gives them a waiting period in which they are actively employed doing useful and essential work. It gives them an opportunity to know the mineral industry; whether they want to go in for it or not, it gives many men who may be psychologically not adjusted to civil life an opportunity to work for a year or two to adjust themselves to the slower tempo of civilian life in Canada.

This is very important, because in our age of mass production many men will be asked to do factory jobs which are repetitive. Any hon. members who know the large automotive industry will know what working on an assembly line means. I ask them to put themselves in the position of a young airman, who comes out of combat after having flown a Lancaster bomber with five thousand horse-power at his finger-tips, with bomb bays filled with weapons capable of producing acres of destruction, who is asked to go to a factory and told that his job is to do one of these routine jobs for eight hours a day. I do not think he is going to like it. I do not think it is fair to ask him to do it. That will be one of our problems. There is one thing more. Before the war many men were engaged as salesmen. They were selling mundane things, such as breakfast foods, soap and other household articles. Put yourself in the position of a young man from Normandy who is told that his job is to sell goods to this grocery store and that grocery store. I do not think he is psychologically prepared on discharge to do so. Some recognition must be taken of that fact.

I have seen a scheme in California which I believe is working quite satisfactorily to a degree. The major industries of California have set up a board. They have a central office in the larger towns. I think they have one in Los Angeles and one in San Francisco. I am sure of San Francisco, but I am not sure of Los Angeles. Every manufacturer, every industrialist and some of the larger growers send to this central board their requirements for labour and those they can employ. They tell the type of man they want and the type of work to be done. There is an opportunity for men awaiting discharge to go to this clearing house and be interviewed by this organization. A man who has been a mechanic may be offered certain work. A man is asked what he wants to do, whether he wants to go back to the university, and so on. The manufacturers cooperate in putting him at the type of work for which he thinks he is best suited.

I know the minister will say that we have selective service, but at the present time our selective service is interested in one thing and one thing only, namely, getting men. I know of an incident that took place in Vancouver the other day. A young man who was an engineer wanted to do a special type of work for which he was fitted. He went to selective service and they told him that men were wanted in the shipyards. They said to him: "The only thing we can suggest to you is that you go to the shipyards." They did that because men were needed in the shipyard at that time. Probably they still need them there. This is not a criticism of national selective service. That is their function, and that is what they are doing. In my opinion this other system is working out extremely well in California. They do something else. They visit the hospitals. Every manufacturer with a plant, growers and all other people interested, keep a list of the men who are wanted. The board says, "here is a man who

has lost his leg", or, "here is a man who has had a serious back injury". Each individual searches his operation and says, "I can use a man with one leg in such and such a way; I can use a man with a back injury." The man in the hospital is interviewed, and in many cases he is guaranteed employment even while he is undergoing treatment there. That has a tremendous psychological effect on the well-being of that individual and it is an important factor in his cure.

These comments are by way of suggestion. The problem of the reemployment of our men is probably the major difficulty we shall have to face after the defeat of the axis powers, and in that connection I think two things should be kept in mind. First, we should remember that warfare is the science of destruction; that men are trained—magnificently trained—to destroy the enemy instantly, whereas in peace time the opposite factor is paramount. In warfare it is a question of kill or be killed; the cost is unimportant. In peace time it is a matter of conservation, and the cost is very important. That will be a definite problem in the changeover. The next point, and with this I close, is that these men do not want gratitude. They want to feel that they are doing something useful for this country for which they have fought, and it is important that the work they are asked to do shall be essential to the future of Canada, just as essential as the magnificent work they are doing to-day on the beachhead in Normandy.

Mr. D. K. HAZEN (St. John-Albert): Mr. Speaker, in looking over this bill, which is to establish a Department of Veterans' Affairs, the first thing that strikes me is that the word "veteran" or the term "ex-service man" does not appear anywhere in it. Instead we find such words as these: in section 5, "any person"; in section 6, "persons"; in section 7, "persons who served with the naval, military or air forces of His Majesty", and in section 7(b), "such other persons as may be deemed advisable," and so on. Last evening the hon. member for Vancouver South (Mr. Green) said that he did not think it would work out to have the reestablishment of veterans and civilians put under the new Department of Veterans' Affairs, and the minister replied, "That is not the intention." If that is not the intention then I ask why such powers should be included in this bill. I am not an expert on the drafting of statutes, but I believe that this bill as drafted is open to a great deal of criticism; in fact it is my feeling that it should be redrafted; that the powers of the minister should be more clearly defined; that they should be limited to veterans; that the word "veterans" should be defined in a clear and broad way, and that these other extensive powers which are given to the minister should be cut out of the bill.

In that connection there is one other matter I should like to mention. Section 7(d) provides for the marking or stamping of artificial limbs or appliances. I should like to ask the minister why both those expressions should be used. I have looked in the dictionary and I find that the word "appliances" means, "a thing applied as a means to an end."

Mr. MACKENZIE (Vancouver Centre): Both expressions are taken from the old act.

Mr. HAZEN: I wonder if it is correct to use them both. It occurs to me that the section would be much clearer and broader if the words "artificial limbs" were left out. I should like to know if hearing devices would come under this section, or if the words "artificial limbs" limit the meaning of the word "appliances," under what one might call the rule of *ejusdem generis*. I believe that we should cut out the words "artificial limbs" and leave the word "appliances" alone, if it is the intention to give this clause a wide meaning.

In the forceful, eloquent and sane speech made by the honourable and gallant member for Vancouver North (Mr. Sinclair) during the course of this debate he asked a question which I though very pertinent and which I believe must be answered. This was the question: "Are we to treat our men as well when they return to be trained for peace as we did when they were trained for war in our hour of need?" That question cannot be lightly brushed aside; it deserves and must be given an answer. It has been pointed out already, but I am going to refer to it again, that when a man enlists he is paid $1.30 a day in cash, or about $39 a month. If he has to live out he receives, in addition, $36.50 a month. His wife receives a dependents' allowance of $39.12, with additional allowances for children. This makes a total family income of $115.62 a month, plus allowances for children. But when a man comes out of the army or, to use the words of the Minister of National Defence (Mr. Ralston) this evening, when a man changes over, which is perhaps a better term, and takes up vocational training for the purpose of improving his position in civilian life, under the regulations he receives $60 a month, while his wife receives $20, with similar allowances for children. In other words, when he begins to train in the army he receives a total of $115.62 a month, but when he begins to train for civilian life he and his family receive only

$80 a month, a reduction of about thirty per cent. Personally I do not believe this is good enough. I do not believe it is too much to ask that returned men who want to qualify themselves for positions in civil life should receive the same rate of pay as they received when they first entered the army. We must be just before we are generous; we must pay our debts before we make gifts, and I say that we owe to these returned men a debt which we should pay in full before we vote $76,000,000 a year or some similar amount to that institution we call UNRRA. Our duty to our returned men is one of our first responsibilities. This evening the Minister of National Defence said that certain directors or advisers were to be appointed, and when that is done I hope these gentlemen will give this matter some consideration.

Mr. RALSTON: They are appointed now.

Mr. HAZEN: Now that they are appointed I hope they will give this matter some consideration with a view to bringing the allowances awarded to returned men during the time they are taking vocational training up to the amount they received when they entered the army.

There is one other matter to which I should like to refer. I wish to support what has been said by the hon. member for Battle River (Mr. Fair), the hon. member for Hastings-Peterborough (Mr. White) and a number of other members when they asked that veterans of the last war who took up farms under the soldier settlement scheme be given a clear title, although they have not paid for their farms in full.

I believe that a man should live up to his agreements and should meet his obligations. But there are some cases when this is quite impossible, and I think the situation in which these men in the prairie provinces find themselves is one of those cases. I met a delegation that came to Ottawa not long ago from the prairie provinces to speak on behalf of those soldier settlers who have been unable to pay in full for their farms. I must confess that I was not greatly impressed by a considerable part of their brief, but I was impressed by the men themselves. One could not look at them and talk with them without being impressed. One could not look them over without realizing that for many years past they had had a tremendously difficult task, that they had fought against very hard odds, and that they had done the best they could under the circumstances. It was clear, however, that fate was against them. Someone has said that the cards were stacked against them.

I think these men might be given a clear title to those farms on the ground that a mutual mistake was made. The mistake was this, that the soldier settlement board overvalued those farms. Then the veterans who went on the farms made a mistake in that they thought the farms would produce a great deal more revenue than they did. That mistake, in both cases, was owing to the fact that the farms had been purchased and arrangements made in boom times. I would urge the minister and the government to give this matter their most serious consideration. After talking to those men I felt that we could not afford to let them go off the land, and that we would be making a great mistake if we let men of their character leave their farms.

The figures show that from September 1, 1939, to December 31, 1943, 2,418 of these settlers left their farms, or an average of 606 a year in the last four and a half years. If we let men of that kind get off the land we are making a great mistake. They are men who volunteered to do their duty at the commencement of the last war. They went overseas and their sons are overseas to-day. Their sons, and their daughters, too, are in the services, and they look forward to coming home. If their homes are disappearing at the rate of 606 a year a great many of them will have no homes to return to when the war is over.

As I said before, I think people should meet their obligations and live up to their agreements, even if those agreements are hard ones. But this is a case in which I believe that an exception should be made, not only in the interests of the men and their families, but in the interest of the country at large. I would urge as strongly as I can that the request of the men to have clear title be granted. I realize that there are difficulties in the way, but I think they could be overcome and they should not prevent the government from granting this request and giving those men clear titles to their land.

Mr. J. J. KINLEY (Queens-Lunenburg): Mr. Speaker, the hon. member for St. John-Albert (Mr. Hazen) who just took his seat made a suggestion which I thought would circumscribe the work of this department, and would limit the theatre of action.

He made objection to the words "such other persons" appearing in the bill. Coming from the coast, this seems to me a good provision, because it looks like the place where the merchant marine might be brought in under the bill.

Mr. MACKENZIE (Vancouver Centre): That is one reason for it.

Mr. KINLEY: I regard that as important. I was particularly interested in the speech of the Minister of National Defence (Mr. Ralston) where he talked about an integrating service that would look after a man even before he left the service and give him, as it were, a start so that he could make better progress under the care of the new department. I think this is very important to the navy because it seems to me that outside the Royal Canadian Naval Reserve officers, or the men who are real sailors, and who learned their vocation on the sea, the place of navy men in the merchant marine after the war is open to question.

There must be many men in the navy who will want to follow the sea after the war. Canada was not always sea-conscious. But with so many men from all parts of Canada joining the navy, and with the enthusiasm that exists throughout Canada to-day in connection with the navy, also in view of the fact that with the building of the St. Lawrence waterways Canada will be a sea-going country as far as the head of the lakes, there will be a greater opportunity for many men to continue their vocations on the sea.

I am not speaking with full knowledge at the moment, but it appears to me that in Canada especially a naval officer will have little standing in the merchant marine after the war. He will not have a certificate. He may not even have the service that is required. In my view, some provision should be made whereby men who are now naval officers will be able to fit themselves to be officers in the merchant marine. And, with regard to ratings in the navy, it seems to me that any boy who wishes to follow the sea in Canada should be given that chance to fit himself to advance in the service during peace time. He should be able to advance in what is now known as the merchant navy. The education is different. A naval officer in the navy is taught to destroy, and his education is that of destruction and of defeating the enemy. On the other hand, the man in the merchant marine is taught differently; he must preserve property and overcome the elements, and he must know certain principles of business in order that he may operate profitably and successfully. So that there is here a great chance for co-ordination. Also there is a great chance to find employment. This will be the right kind of employment for men who were sea-going in the navy during the war.

Then, with regard to merchant sailors, it is true that for the first time in our history the government by order in council has legislation which enables a man in the merchant marine to get a pension or to be compensated if he is hurt in connection with direct or indirect action against the enemy. However, after discharge there is not much provision for a member of the merchant marine, and some consideration should be given to the care of those men who are in the merchant marine and who, after discharge, will have a claim for service rendered.

I have heard considerable complaints from men and officers of the R.C.N.R. that they were at a disadvantage in being in the navy during the war; being in a minority. A naval reserve man does not feel at home behind a desk. He is perhaps not so well qualified to work in an executive position on shore, but he is a real man upon the sea. At the start of the war they were the men you had to depend on to carry on the sea work until such time as other men could be trained to go on board ships, and their direction and knowledge was invaluable. Hon. members will see that the merchant marine and the navy are almost one in their interests. Their future is entwined, and I trust that this department will regard the men of the merchant marine as worthy of its consideration. In that way we shall be not only helping the men of the service but helping the marine and helping to build up the country in the future; because, Mr. Speaker, no country was ever great that did not have a big marine trade. Canada is eminently suited to developing a big marine trade if our people will only make the effort. On the east, west and north we have the ocean, besides the great lakes and waterways, and we can develop a great marine. So that I hope that these men who are serving in the merchant marine, with little glory and no glamour, will get the consideration they deserve. That to me is an added reason why I would enthusiastically support the bill which is now before the house for the creation of this new department.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, just a word before the second reading passes. I think this debate has provided a very good example of the heights to which parliament can rise on certain occasions in discussing vital subjects in a war-time period. While considerable time has been taken up in discussing the problem which is now immediately confronting parliament, the creation of a ministry of veterans' affairs, I cannot conceive how in a period such as this parliament could spend its time to better advantage than in hearing the comments, views and constructive criticism of the men and women present representing the 245 constituencies of Canada, speaking on behalf of the men who are giving so much by way of service and sacrifice that we may continue as a free

parliament in this land. I think it has been time well spent. I think we can take some pride in the manner in which this parliament has risen to its task. The unity of purpose and of thought and of opinion which has characterized this debate may appropriately provide an example for our discussion of many other subjects which parliament in war time might tackle and attempt to solve.

I believe that most of us recognize our responsibilities to the men and the women who will come back. Primarily, of course, this is the government's responsibility. But I want to go a little farther than that and say that coincidental with the responsibilities and the duty of the government, parliament has an obligation to the men and the women who come back. There is, too, a definite responsibility resting upon the individual civilian toward these men and women who, upon discharge, will be rehabilitating themselves into normal civilian life. The meshing of these men and women into the social and economic life of our country is not going to be an easy task, but it will be made a little easier for them, a little easier for the government and a little easier for the whole officialdom which will be handling these delicate problems of great magnitude if all the citizens of Canada will do their part, as it is their bounden duty to do. Our citizens on the home front have suffered inconvenience, of course, in a certain fashion through these war years, but their sufferings have been small in comparison with the services and the sacrifices which have been made by the men and the women whom we must rehabilitate upon their return. This is one way in which the civilian population of Canada can make a further contribution to those who have already contributed so very much more than we have who have not been privileged to serve. So that I say to you, Mr. Speaker, to-night that nothing less than the best for those who served will be good enough for this government and this parliament and for the Canadian people to give to rehabilitate these men and women when they return.

I rose to-night largely to pay a tribute to a group of citizens in Canada who are shouldering in a masterly way the responsibilities which devolve partly at least on our citizen community. The Department of Pensions and National Health has set up, as you know Mr. Speaker, rehabilitation committees across Canada. I have already had the privilege of having had something to do with these committees. A week from to-night I am leaving Ottawa to go nearly three hundred miles to attend a meeting of the rehabilitation committee in the south end of my own constituency, after having refused a good many of what I thought were much less important obligations, because I thought this was something we owe to our men and women who are serving, no matter whether we are members of parliament or private citizens. If we cannot do that much to help those who have been doing so much for us, the problem of rehabilitation becomes more serious, more critical and more dangerous perhaps than we had at first considered it.

I am glad to-night to pay my tribute to these men who are serving on these rehabilitation committees across Canada in a voluntary capacity. They are coming to grips with the present day problems, because they are closely in touch with local conditions and are concerning themselves with admitting these men and women of the armed forces into our civilian life again in a way which is probably more practical than some of the suggestions which have been made in the course of this debate. I am hopeful that by virtue of the work of these committees the first step will have been taken toward a revived consciousness on the part of our citizens generally of their obligations to those who return from this war. With that I might leave the work of these rehabilitation committees, on which I am hopeful that so many of our citizens will find an opportunity to serve and take part in solving the problems that lie ahead. I hope that the work will be continued. I trust that it will include the problems of veterans generally. I do not like the word "veteran" very well; I trust the minister may be able to find some better terminology.

Mr. MACKENZIE (Vancouver Centre): I tried to and I failed.

Mr. GRAYDON: After all, one failure never means much to a Scotsman. I still have hope.

Mr. RALSTON: Bruce did the same; he tried again.

Mr. GRAYDON: That is so. I see that the Scottish historians have the floor.

I was impressed with the suggestion of the hon. member for Vancouver North (Mr. Sinclair) regarding this problem. I hope that so far as possible veterans' affairs and problems will be handled by one department. The Minister of National Defence (Mr. Ralston) made this evening a clear, brief and eloquently delivered speech on this matter; but I would emphasize the importance of not giving an opportunity for one department to "pass the buck" to another, as these people are some-

times suspected of doing, but that all the machinery relating to veterans' affairs shall be gathered within the department now being set up. It should be not merely a trend but the purpose of the government so to co-ordinate the machinery that the returning veteran will be able to say, "It is this department which will look after my rehabilitation problems." While some limitations, conditions and reservations must necessarily be placed upon the putting into effect of this suggestion, I trust that it will be, as it should be, governmental policy as far as it can possibly be practised.

Speaking for those who felt that their opinions had been well aired by the suggestions already made by members who have spoken on this side and, indeed, from all parts of the chamber, I would array our party, both in this house and outside it, squarely in support of a square deal for those who have served. That is the policy of our party and other parties, which means that there is a ring of unanimity and unity, from one end of Canada to the other, in the conviction that here is a job for us to do. We have been able to do a job in the war; the task which lies ahead is almost equally important, and it will not have been done just when the peace treaties have been signed.

Mr. S. H. KNOWLES (Winnipeg North Centre): Mr. Speaker, I should like to add a word in support of what the leader of the opposition (Mr. Graydon) has just said regarding the unity of the house with respect to this measure. Your Honour may feel that you have given considerable latitude to the debate, in view of the rule with respect to second reading, but I am sure all hon. members will agree that it is a case where latitude was highly desirable in view of the great importance of this subject.

However, I may say this, that looking at the bill itself, bearing in mind the rule with respect to second reading, it seems to me that its principle is very simple. It is to the effect that veterans should be the concern of the government, that this nation owes the veteran the very best it can provide for him, and that the best machinery to give effect to that responsibility can be had by bringing all matters relating to veterans under one department.

With that threefold principle we in this group are in active agreement, and we are glad to give support to the second reading of the bill.

Mr. GREEN: Is the minister not going to make a statement before the bill is given second reading?

[Mr. Graydon.]

Mr. MACKENZIE (Vancouver Centre): It will be made in committee.

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

On section 1—Short title.

Mr. MACKENZIE (Vancouver Centre): I refrained from entering into the debate on the second reading of the bill, for the specific reason just mentioned by the hon. member for Winnipeg North Centre. To my mind the principle of the bill was so simple that it did not involve at all the comprehensive discussion on pensions and treatment and hospitalization and rehabilitation which we have had for the last three days. It was purely a change of the method of administration from the old-established method to the contemplated method. However, I agree with the hon. member and definitely with the leader of the opposition that the time has not been wasted, that it has not been spent in vain, because this house has lived up to its old tradition of a splendid unity of thought, and, I trust, a unity of action, in regard to the problems of our returning ex-service men. I think the history of legislation in this house for the last twenty-five years is not and has not been the effort of any one party; it has been the result of the conjoint sympathies and work and efforts of every single party in the dominion. That is the spirit of the debate which has just been concluded. I wish to thank hon. members in all parts of the house for their sympathetic attitude toward the department over which I temporarily preside, and the kindly references made from many sources to the humble minister of that department.

There was one reference, however, which was made that I must take exception to: it was in regard to there being "too many brass hats" in the Department of Pensions and National Health. In the rehabilitation work of our department, the associate deputy minister served in the ranks. The superintendent of vocational training served in the ranks, winning the military medal and bar, and subsequently obtained his commission in the field. The superintendent of educational training served in the ranks. The deputy minister, being a medical officer at the time of his enlistment, naturally held commissioned rank. The assistant deputy minister also served in the ranks. In fact all other senior officers, some twenty of whom enlisted in the ranks, held rank not above that of major, with the exception of the present chairman of

the Canadian pension commission, whose present rank was obtained during service overseas in the present war which followed outstanding service in a junior capacity in the great war. The chief of the orthopaedic and surgical appliances division, that branch which has the most intimate contact with those casualties which require and deserve the most sympathetic and active attention, the amputation cases, was a sapper in the last war during which he suffered amputation of both legs and the loss of one eye. Of the nine pension commissioners, six served in the ranks. While the reference to brass hats may be proper in some direction, it is not justified by the facts with reference to the staff of this department. Practically eighty or ninety per cent of these men went through the ranks during the last war.

I had intended to make a certain analysis of the various aspects of the problems with which the Department is concerned, but on reflection I think our duty at this time is to examine the particular sections of the bill when we reach them, and to discuss questions of policy affecting pensions, the effect of treatment, the effect of hospitalization and the effect of rehabilitation when the civil estimates of the Department of Pensions and National Health are up for consideration.

I think it was the hon. member for Vancouver South (Mr. Green) who yesterday gave a brief resume of the history of this department, commencing with the old Department of Soldiers' Civil Reestablishment in 1918 and coming down to 1928 when the Department of Pensions and National Health Act was passed. My hon. friend suggested that the privileges granted under the sections of this bill are possibly based upon the soldiers of the old war. Possibly there is some element of truth in that, but I say that it is vital to protect the privileges of those who served in the great war as well as to do what we are doing under this measure, to establish new opportunities and to grant new privileges to those serving in the present war.

Mr. GREEN: I had not the slightest thought of interfering with the rights and privileges of the men who served in the last war.

Mr. MACKENZIE (Vancouver Centre): I am not casting the slightest imputation; my hon. friend knows me too well to think that. The function of that department will be to provide for the discharged member of the forces the services which are considered necessary. First, to remove, diminish or compensate for any handicap, physical or otherwise, arising out of military service. Second, to give the member of the forces a fair start in civil life. Third, to have permanently available those services which the country can and should render to its war veterans throughout their lives.

Perhaps I could give my hon. friends the latest figures with regard to pensions as it may be of interest. On April 30 of this year the grand total of pension awards made by the commission for all classes of pensions arising out of service in the present war was 13,215, and the total annual liability amounted to $6,795,593. With respect to members of the armed forces, 7,591 awards were for disabilities and 5,158 were for dependents of those who have given their lives. There were twenty-six disability pensions awarded to women members of the forces.

The commission have awarded 410 pensions with respect to death or disability sustained by members of the merchant marine, fishermen, members of the auxiliary services, civilian government employees, R.C.M.P. special constable guards, members of civilian defence forces and members of the corps of firefighters for service in the United Kingdom. The number of awards of pensions under section 11, subsection 3 of the Pension Act is 1,028, including 611 awards for disability and 417 for death. Up to December 31, 1943, Canada had augmented to the Canadian scale 1,192 pensions awarded by the British government to Canadians serving in the imperial forces.

I should like also to deal, but not at the present time, with the question of hospitalization because it has been raised in this debate and I feel that at some time I should give a complete answer to the questions raised.

I come now specifically to the points raised last night by the hon. member for Vancouver South who dealt with certain sections of the bill. As I said before, it was considered whether there should be two parts, one dealing with great war veterans and the other dealing with veterans of the present war, or one bill embracing all veterans. The present bill covers all veterans. It was necessary to retain all language relating to former rights and privileges lest some right or privilege of the former veterans be sacrificed. These have been extended to the present war veterans, so that they would have the same rights, but provisions have been added to ensure ample extension to meet future requirements.

My hon. friend suggested that re-housing should be included in the measure. In the opinion of those who have been advising me—

and this measure has been very carefully reviewed, not only by our own officials but by the officials of the Department of Justice—the phrase "reestablishment in civil life" is broad enough to cover practically all the suggestions made last night. If special legislation is decided upon, the bill provides that the functions of the minister shall extend and apply as well to all such other matters as may be designated or assigned to the minister by the governor in council.

Then my hon. friend referred to the repatriation of dependents. Extensive and successful repatriation of soldiers and their dependents was efficiently carried out after the last war by the cooperation of three departments. First, there was the Department of Immigration which controls the admission into Canada of all persons. Second, there was the Department of Militia and Defence which still actively controlled the serving soldier whose dependents were accompanying him. Third, there was the Department of Soldiers' Civil Reestablishment which was directly concerned with the establishment in civil life of the soldier and his dependents after discharge.

Then my hon. friend referred to the payment of gratuities. This is and must remain the responsibility of the services since they alone have the service records upon which the gratuities are calculated, and the actual administration will be carried on either by the Department of National Defence or that department along with the Department of Finance.

Mr. GREEN: Which departments did the minister say?

Mr. MACKENZIE (Vancouver Centre): It would not be the Department of Veterans' Affairs that would have the administration because we do not have the records of the men serving either at home or abroad. Then, with regard to the employment of veterans, I am advised by my legal advisers that the words "care and reestablishment in civil life" are broad enough to give jurisdiction for operation of any employment projects for veterans for which parliament may make provision. The department would, however, for lack of the necessary machinery, require the cooperation of some other department, such as the Department of Public Works, or, as just mentioned by my colleague, by the Department of Labour. At this time I wish to express my appreciation of the fine contribution to the debate made by the Minister of National Defence (Mr. Ralston).

Then the hon. member for Vancouver South referred to reinstatement in civil employment.

[Mr. Ian Mackenzie.]

Mr. GREEN: I did not mention that.

Mr. MACKENZIE (Vancouver Centre): In any event that is at present administered by the Department of Labour, but it could conceivably be transferred later on to this department.

Mr. GREEN: Is it not to be transferred?

Mr. MACKENZIE (Vancouver Centre): It can be done, because the word "minister" in that act can be made to apply to both departments. It can be done quite simply. My hon. friend said that no mention was made of dependents, but the department is made responsible for the care, et cetera, of any person. The old act limited benefits to persons who served with military forces and their dependents. By the War Measures Act provision has been made for the merchant marine, salt-water fishermen, fire-fighters, A.R.P. workers and many other groups. The phrase "any person" was used in the present bill deliberately as being language broad enough to include all these groups, as well as dependents. There has been no intention in the world to neglect or ignore them.

Then my hon. friend said that there is no mention of pensions in the bill. I would direct his attention to section 9, subsection 1, which states that wherever in the Pension Act reference is made to the Department of Pensions and National Health it shall be deemed to mean Department of Veterans' Affairs.

My hon. friend said also that there was no mention of the honorary citizens' rehabilitation committees, to whom such eloquent tribute was rightly and properly paid a few minutes ago by the leader of the opposition (Mr. Graydon). I can assure my hon. friend that the work of these committees is appreciated by myself possibly more than anyone else because I am in very close touch with this splendid voluntary work all across Canada. Provision is made for them by P.C. 6282 of November 27, 1940, passed under the War Measures Act and setting up the veterans' welfare division.

The new bill gives the minister ample authority to reenact such regulations and also similar regulations for cooperation with provincial governments, veterans' associations, commercial, industrial and agricultural groups, as mentioned by the hon. member.

Mr. GREEN: Is there any objection to including them?

Mr. MACKENZIE (Vancouver Centre): There is definite objection. The legal advisers held that it was not desirable to mention every aspect or detail of the business likely

to come before the department lest other desirable activities be excluded. If my hon. friend would look up the Department of Trade and Commerce Act, chapter 200, of the Revised Statutes of Canada—I am sure he knows it well—for the jurisdictional clause, he will see it is very similar to the clause in the present bill. If the Department of Trade and Commerce can carry on its many ramifications under that clause, surely the business of the Department of Veterans' Affairs can be carried on under clause 5.

Then my hon. friend mentioned, I think, paragraph (g) of section 7. The draftsman introduced this to enable the department to act as the agency for payment of any moneys in the nature of pensions which parliament may at any time in the future authorize. That was set up last year when we had allowances for widows by special appropriation vote. I am now advised that under the Pension Act the pension commission is required to deal with any kind of pension referred to it by the governor in council, and that any award so made must be paid by the department. I thank the hon. gentleman for drawing my attention to his paragraph. I really think it is not necessary, and I propose to have it deleted from the bill when we reach it in committee because there might be an improper imputation placed in regard to it. Therefore I think it is better to have it removed from the bill.

Then the provision carried over from the original Department of Soldiers' Civil Re-establishment Act, authorizing the establishment of staff is to be withdrawn. That provision has been there since 1919. It was reinserted and reenacted in 1928, and when we reach that section I shall give some correspondence with the civil service commission in regard to it. In any event there will be four amendments moved in committee. The hon. member for Comox-Alberni made some observation last night in regard to not publishing the regulations. I must say that I am in full accord with what he said. I understand that he is moving an amendment to that effect, and I shall be glad to adopt it on behalf of the government.

There is also another amendment to section 4 which has been advised by the Department of Justice to be necessary for the transference of staff. There will be the deletion of section 6 as we have it now in the bill and the amendment to section 7. These are the four amendments that I can see at the moment. Therefore the observations made by hon. members have been very useful to us. In the limited time we have had since the speeches were delivered, we have acted upon two. Some of the suggestions that were made are being accepted and adopted. In the spirit of the discussion on second reading we shall discuss every clause of the bill, and if it appears to us that we can improve any one of these sections I shall meet the suggestions with the most—I can say Liberal frame of mind possible—in the most accommodating frame of mind possible.

Mr. GRAYDON: Quite a difference there.

Mr. MACKENZIE (Vancouver Centre): Progressive. All of us have the same idea in our minds, which is to produce a piece of legislation here that will stand the test of time, improved as it must be from year to year when new activities show that these improvements are advisable. This will be done, of course, to serve the purpose we all have very close to our hearts, namely, to establish an administration for the boys who are overseass to-night, and also those who have been discharged already, 136,000 of them, and who are now back in Canada, those who shall have saved Canada by their heroic fortitude and their wonderful example. Therefore in the spirit of the debate which has just been concluded I trust we can as soon as possible finish the sections of the bill and have them enacted into legislation, so that we can have at least one permanent monument to those who are doing so much for us to-night.

Mr. GILLIS: I should like to ask the minister one question before the bill carries. In his reference to the merchant marine he seemed to think they are now taken care of by the present legislation and it is merely a matter of carrying on. I should like to ask, what provision there is for the merchant marine? Only to-day I received a letter from two men in my section of the country who were torpedoed on March 22. They are still without compensation of any kind. Evidently in the section of the country from which I come there is no machinery through which these men can receive the benefit of the legislation that now exists.

Mr. MACKENZIE (Vancouver Centre): Where were they, in Nova Scotia?

Mr. GILLIS: Yes, Louisburg, Nova Scotia.

Mr. MACKENZIE (Vancouver Centre): Would my hon. friend give me those names to-night. I cannot understand any reason for the delay there.

Mr. GILLIS: Yes, I shall give the names. Every time I run into these men there does not seem to be any machinery set up in my

section of the country through which the merchant marine can work to get what is their due.

Mr. MACKENZIE (Vancouver Centre): There is no pension office or welfare office there?

Mr. GILLIS: No.

Mr. GREEN: Is there any reason why the men of the merchant marine should not now be specifically covered in the Pension Act instead of having to depend on an order in council? It does seem to me that they and the other groups, such as fire-fighters and men of the auxiliary services, should be expressly covered in the Pension Act. If that were done they would not have to rely on some doubtful orders in council which may or may not continue after the war.

Mr. MACKENZIE (Vancouver Centre): They will all be in the act. All amendments passed by orders in council during the war must be consolidated in the Pension Act, as was done in the last war, and all those amendments inserted therein. There will be no possibility of endangering the security of those men who have received benefits during the war, such as the auxiliary services and the merchant marine. As a matter of fact I think the auxiliary services are now part of the services by order in council.

Mr. GREEN: I am using the merchant marine as an example. The difficulty is they are not recognized as the fourth fighting service.

Mr. MACKENZIE (Vancouver Centre): That is true.

Mr. GREEN: They only have recognition by order in council.

Mr. MACKENZIE (Vancouver Centre): They will have by statute the same rights as they now have by order in council.

Mr. GREEN: Why cannot they be put under the Pension Act? This question would then not be cropping up every session. We are all in favour of having them treated as the fourth arm of the services, and the public feel the same way about it.

Mr. MACKENZIE (Vancouver Centre): I can assure my hon. friend that there is every intention in the world of securing by statute every right they have received by order in council, and it will apply to all the other services as well.

Mr. FAIR: On Wednesday afternoon I had an opportunity of speaking on the second reading of this bill. On that occasion I found it necessary and desirable to devote my time to the veterans of the last great war. I made my plea on behalf of the applicants who came here and those whom they represent. I wish to thank the six ministers of the cabinet who received that delegation, and I also wish to thank those hon. members who have expressed the desires of the delegation that came here, and particularly my hon. friend here who spoke so eloquently in that connection, and who stated that the appearance of the men themselves was better evidence of what they had gone through than anything else. I feel that the members of this house who had the opportunity to meet that delegation felt exactly the same way. I had intended to speak on pensions and other matters to-night but will accept the suggestion of the minister to take them up when the civil estimates are before the committee; but I wish to say a few words on the Veterans' Land Act.

In connection with the Veterans' Land Act I was very glad to see the increase in the amount granted as credit for land. It has been extended from $3,600 to $4,800. I am now going to make a suggestion to the minister that the amount for implements and equipment be also increased. At the present time it stands at $1,200. When one considers the present prices that the settlers will have to pay I feel that is not nearly sufficient. I hope the government will give that matter their earnest attention.

The next point I should like to touch on is that of interest. I believe that could be reduced a little more as well. There is no necessity for the settlers to pay three and a half per cent interest as suggested. Another lesson we learned with regard to the treatment of the soldiers under the old settlement board act is the price at which they were compelled to sell their products. It does not make any difference if the land and equipment are given as a gift if the settlers are compelled to sell their products at as low prices as were the settlers under the old Soldier Settlement Board Act, they are bound to go broke. I suggest to the minister and to the government that the cost of the land and equipment should have some relation to the price that the farmers are receiving for their produce. I am going to suggest to the government that any year the prices at which farmers sell their product are lower than the prices obtaining to-day, the government should give the settlers credit for the difference between present prices and those at which they are compelled to sell. I believe that this suggestion should meet with the approval of the government, because in my opinion settlers who are buying land at to-day's prices should be protected to this extent and should

be credited with the difference between the prices of to-day and those that may prevail five years from now.

As I said before, I appreciate very much the courtesy which was extended to the delegation that came here to represent the soldier settlers, and before we go home I hope that the minister, on behalf of the government, will tell us that these men are being given clear title.

Mr. MACKENZIE (Vancouver Centre): Much as I appreciate my hon. friend's remarks I must point out that the Soldier Settlement Act and the Veterans' Land Act are not yet under the administration of whoever is to be Minister of Veterans' Affairs. They come under my colleague the Minister of Mines and Resources.

Mr. FAIR: I am suggesting that before we leave for home they will be under this department.

Mr. MACKENZIE (Vancouver Centre): I shall bring my hon. friend's remarks to the attention of my colleague.

Mr. BLACKMORE: Is it the intention of the government to bring those two measures under the control of the new minister?

Mr. MACKENZIE (Vancouver Centre): Yes, definitely; both the Soldier Settlement Act and the Veterans' Land Act will be under the control of whoever is appointed Minister of Veterans' Affairs.

Mr. BLACKMORE: In a general way I should like to commend the minister or whoever is responsible for this move. It is high time responsibility is centralized, so that one may know where to go in connection with these matters.

Mr. MACKENZIE (Vancouver Centre): That recommendation was made a year or two ago by the committee on land settlement.

Mr. BLACKMORE: I hope that committee goes to work on several other departments of the government.

Section agreed to.

On section 2—Definition.

Mr. STIRLING: This bill deals with veterans' affairs. Should it not, therefore, define what is a veteran? It appears to me quite wrong to have to go to some other act for that definition. I suggest that this section should contain a definition of a veteran.

Mr. MACKENZIE (Vancouver Centre): I am told that except for the title of the department and of the minister, the word "veteran" is not used for any purpose in any section of the bill. I suppose the definition of a veteran would be one who has been engaged either in the great war or the present war. I understand that in the other acts which will come under the control of this department later on, the word is defined, and probably that is why no definition was put in here.

Mr. STIRLING: It does not seem reasonable to me. We are setting up a department to deal with veterans' affairs, and certainly I should have expected that the public could turn to this act, as it will become, and ascertain what is a veteran within the meaning of this legislation.

Mr. MACKENZIE (Vancouver Centre): I understand that the interpretation of a veteran varies in the different measures.

Mr. STIRLING: That is just why there should be a definition in this bill.

Mr. MACKENZIE (Vancouver Centre): That is why it might be impossible to have it defined here, because it must apply to the various measures coming under the control of this department. I am told that matter was considered very carefully.

Section agreed to.

Section 3 agreed to.

On section 4—Deputy minister.

Mr. MACKENZIE (Vancouver Centre): I have an amendment to this section, suggested by the Department of Justice, which I shall read to the committee. It will be subsection 3:

(3). Notwithstanding anything contained in the immediately preceding subsection of this section, the governor in council may, by order, designate persons who, prior to the commencement of this act, were members of the staff of the Department of Pensions and National Health, to be members of the staff of the department, and, upon such designation, such members shall be deemed to have been transferred to the department on the date of the commencement of this act, but no person shall by reason of such designation be eligible to be certified as permanent by the civil service commission.

This is a technical amendment which is suggested by the Department of Justice as being desirable, and I move accordingly.

Mr. HAZEN: Is the effect of that amendment to bring them under the civil service commission?

Mr. MACKENZIE (Vancouver Centre): They are under the civil service commission. I am going to move an amendment to section 7 when we reach it, which will meet the point my hon. friend has in mind.

Mr. STIRLING: I believe that in the amendment the minister read the words, "the commencement of this act." I suppose that means the coming into force of this act?

Mr. MACKENZIE (Vancouver Centre): Yes. The act comes into force by proclamation. That is so for the reason that the other cognate bill has not been passed, dealing with social security or health, and you cannot have one in force without the other. They should come into effect simultaneously.

Mr. STIRLING: I should think "coming into force" would be better phraseology, because "commencement" does not mean anything.

Amendment agreed to.

Section as amended agreed to.

On section 5—Duties and powers of minister.

Mr. GREEN: This is one of the key sections of the act, and I should like the minister to give consideration to an amendment which will describe "person" more fully than the word is described in the section at the present time. Incidentally I should like the minister to make some further extensions that I recommended last evening, but apparently he is not prepared to do so.

Mr. MACKENZIE (Vancouver Centre): We gave hours of consideration to every suggestion made by my hon. friend last evening. I thought they were very constructive, but after full consideration with legal and other advisers we decided that the section was all right, with the exception of the deletion which I announced.

Mr. GREEN: It will help a bit to have the statement by the minister to-night that it is the intention to cover all these different activities, though I think it would have been better if they had been included in the bill. However, I am not satisfied yet with the words "of any person." I think it would be far better if the wording followed more closely the explanatory note, which says:

> The purpose of this bill is to establish a Department of Veterans' Affairs under the direction of a Minister of Veterans' Affairs who shall be responsible for the care, treatment, training, or reestablishment in civil life of ex-members of the armed forces and of persons otherwise engaged in pursuits relating to the war, and for the care of the dependents of such person.

I think the latter part of that explanation could be used in section 5 to show the group of people we want to have dealt with by the new department. It would also remedy the other defect, that dependents are not mentioned, and I think would state far more clearly the purposes of the bill and the type of work the new department is to carry on.

Mr. MACKENZIE (Vancouver Centre): Would my hon. friend permit me to have this section stand until Monday, so that we may look carefully into the suggestion he has just made?

Mr. GREEN: Yes, if that could be done.

Section stands.

On section 6—Contracts with institutions for care of persons.

Mr. MACKENZIE (Vancouver Centre): I desire to move the following amendment:

> That clause 6 be deleted and that paragraph (b) of subclause (1) of clause 7 be amended by deleting the word "such" where it appears in the 2nd line thereof, and by deleting the words in such paragraph after the word "of" in the 4th line and adding in substitution therefor the words "persons entitled thereto under any statute or order of the governor in council administered by the minister.

Mr. GREEN: Could the minister read us the paragraph as it will be when it is amended?

The ACTING CHAIRMAN (Mr. Golding): That will be section 7.

Mr. MACKENZIE (Vancouver Centre): The explanation of the change is as follows: When the drafting officers examined the legislation in consultation with officers of the Department of Justice, it was considered that the former act did not confer upon the minister specific authority to arrange for the care, treatment or training of persons in hospitals and institutions other than those owned or acquired by the department.

As the committee is well aware, the department only operates institutions in a few of the larger centres in Canada and, as a consequence, it has been necessary, and I may say highly desirable, that patients be cared for in municipal, religious and other institutions throughout the country, which practice has been followed since and during the great war.

During the fiscal year just ended some 2,431,000 patient days treatment were furnished by the department. Of these over 908,000 were furnished in non-departmental institutions.

The general custom has been that the department should enter into a contract with these larger non-departmental hospitals whereby the hospitals undertook to give service to patients and the department undertook to compensate the hospital at an agreed rate per patient per day. Although, as stated, many such formal contracts have been entered into,

there are many hundreds of hospitals throughout Canada, and those used outside of Canada, with which no such formal contract has been made by reason of their location, size or the limited extent to which patients may be admitted as the occasion demands.

When the drafting officers appreciated that there was no specific authority in the statute authorizing the minister to make such arrangement, they considered that the present bill would be strengthened by the inclusion of a definite clause conferring this power. Clause 6 as it appears in the bill was the result.

When, however, the administrative officers of the department had had an opportunity of considering the implications of clause 6 as it appears in bill No. 83, they found it might impose a great hardship upon numbers of individual ex-service men, apart altogether from the increased administrative complications.

Let us consider the case of a veteran living in a remote part of the country where the department has no hospital but where there is a small municipal or other institution which serves the requirements of the area.

In the event of this man becoming suddenly ill from a condition with respect to which he is entitled to treatment from the department, our desire would be to arrange for his admission to the nearest hospital and to have medical services provided by the nearest qualified practitioner.

Such an arrangement involves an undertaking to pay and is in effect a contract between the department on the one hand and the hospital and the doctor on the other hand. It has been customary to make such agreement by telegram or telephone in emergency cases for many years. In fact, under the present regulations, the department may accept responsibility for a limited period preceding the reporting of the case to the department if the serious illness of the patient was the reason for his not making application.

Clause 6 as now before this committee would, if adopted, preclude the department from making these informal arrangements for treatment in such emergent or far-removed cases until the department had entered into a contract with the hospital and the doctor and until such contract had been ratified by order in council.

This effect was not anticipated by the legal officers who drafted the clause nor, I am sure, is it the desire of parliament and of the people of Canada that there should be any such cumbersome procedure prohibiting the prompt extension to the ex-service man of necessary medical or hospital care.

I illustrate the point with an extreme condition which, however, arises with a fair degree of frequency. This clause would hamper administration in many other ways.

For example, when an ex-service man requires dental care, it is the department's practice as an economy measure to arrange, where feasible, for his treatment by a dentist in his own locality rather than put the country to the expense of bringing the patient to a centre where the department has a salaried dental officer and of incurring further expense to reimburse him for loss of time from work which otherwise could be avoided.

The present clause 6, if adopted, would require the department to enter into contracts with every dentist in Canada or would prevent us from continuing the present economical procedure which is regularized through the medium of regulations which permit the department to establish schedule of fees for services performed by non-salaried dental and medical officers.

Mr. STIRLING: Would the minister read section 7 (1) (b) as amended?

The ACTING CHAIRMAN (Mr. Golding): Could we first deal with the deletion of section 6.

Mr. GREEN: What is the change?

The ACTING CHAIRMAN (Mr. Golding): As I understand it, the amendment is to section 7. Section 6 would be deleted, and section 7 would be renumbered as No. 6.

Mr. MACKENZIE (Vancouver Centre): In paragraph (b) the word "such" goes out, and—

Mr. STIRLING: Would the minister read it as amended?

Mr. MACKENZIE (Vancouver Centre): It would read:

> Respecting the care, treatment or training to be furnished in any hospital, workshop, home, school or other institution and providing for the care, treatment or training therein of persons entitled thereto under any statute or order of the governor in council administered by the minister.

The ACTING CHAIRMAN (Mr. Golding): Section 7 will now be section 6. Shall subsection 1 carry?

Mr. GREEN: I should like to ask a question about paragraph (a). Can a man get training in his own home? Take the case of a man who is disabled and cannot be helped by further hospitalization. Is this section wide enough for him to get training in his own home?

Mr. MACKENZIE (Vancouver Centre): Yes, it is.

Mr. GREEN: It does not read that way.

Mr. MACKENZIE (Vancouver Centre): I am informed by my associates that it is wide enough.

Mr. PERLEY: The minister has said that he knows one or two workshops or schools for training have been established prior to this. Will this section include such schools? He will recall that I brought this matter to his attention a little while ago.

Mr. MACKENZIE (Vancouver Centre): Yes, it will, definitely.

Mr. PERLEY: It will include that?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. PERLEY: Carried on similarly?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. PERLEY: With certain assistance which they were not assured of?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. JOHNSTON (Bow River): Does the word "home" mean an institution or a home? I should think the word "home" would cover the point raised by the hon. member for Vancouver South (Mr. Green).

Mr. MACKENZIE (Vancouver Centre): That is the interpretation which would be placed upon it, I am told.

Mr. JOHNSTON (Bow River): Either definition would apply, then. It is either a private home or an institution.

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. HAZEN: Then it should be so defined, because that is not a correct interpretation of the word. If it will mean both an institution and a private home it should be so described.

Mr. GREEN: The difficulty is that section 7 (1) (a) is not being amended. It reads:

> For the control and management of any hospital, workshop, home, school or other institution . . .

And so on. Then we take the very same words, namely "hospital, workshop, home, school or other institution" and put them in 7 (b). I do not think they can be considered as including a private home. I do not think the word "home" can be understood as meaning a private home.

[Mr. Green.]

Mr. MACKENZIE (Vancouver Centre): We shall have the section stand so that we may look further into the wording. There is another amendment to section 7, is there not? I have an amendment that paragraph (c) of subsection 1 of section 7 be deleted. That deals with the possibility of appointment not being made through the civil service commission. We had correspondence with the chairman of the commission in which he gave us the assurance that in cases of emergency we would get prompt appointments. The department was afraid it might have to wait too long at the time of demobilization for appointments to be made. That is why this section was put in in this way. There was some objection raised by the civil service commission, so that we are striking it out.

The ACTING CHAIRMAN (Mr. Golding): Shall paragraph (a) carry—just so that we may have it in order?

Mr. GREEN: No; it stands.

Mr. MACKENZIE (Vancouver Centre): That stands, and paragraph (b) stands.

The ACTING CHAIRMAN (Mr. Golding): And there is an amendment to paragraph (c).

Mr. STIRLING: Paragraph (c) is deleted.

The ACTING CHAIRMAN (Mr. Golding): Shall the motion to delete paragraph (c) carry? The motion is:

> That paragraph (c) of subsection 1 of section 7 be deleted.

Amendment agreed to.

Progress reported.

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

Monday June 19, 1944

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

WARTIME PRICES AND TRADE BOARD—D. G. MACKENZIE

Mr. KNOWLES:

1. What amounts of money have been paid to Mr. D. G. MacKenzie by the wartime prices and trade board?

2. What are the details of services rendered for the amounts indicated in the answer to question 1?

Mr. ABBOTT:

1.

Fiscal year	Fees	Travelling and living expenses	Total
1942/43.....	$ 1,685 71	$ 367 43	$ 2,053 14
1943/44.....	10,257 10	3,309 19	13,566 29
1944/45.....	485 69	143 14	628 83*
	$12,428 50	$3,819 76	$16,248 26

* Payments April 1, 1944, to June 14, 1944.

2. Mr. D. G. MacKenzie serves with the industrial division at headquarters of the wartime prices and trade board. A consulting engineer, Mr. MacKenzie has been carrying out these duties on a fee basis, receiving payment for such time as he actually spends on board business.

Effective July 1, 1944, Mr. MacKenzie will become a full-time member of the board's staff as chief of the industrial division, and on a salary basis of $8,000 per annum.

MOUNTED POLICE—SEIZURE OF ILLICIT STILL AT STE. THERESE, QUE.

Mr. ROY:

1. Did the Royal Canadian Mounted Police seize a still at Ste. Therese, county of Terrebonne, Quebec, in the section known as "les cent maisons"?

2. If so, (a) when; (b) what was the capacity; (c) what was its value; (d) how many houses were used in connection with such industry; (e) what are the names of the owners or tenants of such houses; (f) what is their occupation?

3. What are the names of the person or persons involved in this matter?

Mr. ST. LAURENT: The hon. member informed me that this question was intended to have to do with events subsequent to January 1, 1944, and on that assumption I have prepared an answer, as follows:

1. Yes.

The seizure of an illicit small drip-type still was effected by the Royal Canadian Mounted Police at Ste. Therese, P.Q., but it is not known if 23 Bertrand street is in the section known as "les cent maisons".

2. (a) May 10, 1944. (b) Two-gallon boiler capacity. (c) Approximately $2. (d) One. (e) Tenant—Norman Notter. Owned by Wartime Housing Limited. (f) Norman Notter has been employed for approximately two years as general supervisor of Defence Industries Limited, Bouchard Plant, Ste. Therese, P.Q.

3. Norman Notter previously mentioned.

QUESTIONS PASSED AS ORDERS FOR RETURNS

BRODER CANNING COMPANY, LETHBRIDGE DEHYDRATING PLANT

Mr. BRYCE:

1. What amounts, if any, have been advanced by the government to the vegetable dehydrating plant operated by Broder Canning Company at Lethbridge, Alberta, in respect to, (a) buildings; (b) machinery; (c) other purposes?

2. Is the said plant in operation at the present time?

3. If it is not in operation, why is this the case?

4. What arrangements have been made by the government in respect to repayment of advances, or future disposition of plant or machinery?

RASPBERRY AND STRAWBERRY PULP

Mr. CRUICKSHANK:

1. In what provinces is raspberry and strawberry pulp placed under allotment for sale to manufacturers in 1944?

2. Can fruit pulp be shipped as pack becomes available? If not, who will finance the pack until shipment?

3. Are manufacturers compelled to pay a minimum price for jam strawberries and raspberries?

4. Are the maximum prices allowable for strawberry and raspberry pulp lower than 1943? If so, how much and why?

ROBERT FOWLER

Mr. TUSTIN:

1. Was Robert Fowler engaged on the royal commission on dominion-provincial relations?

2. If so, what amount of money did he receive in, (a) salary; (b) expenses?

3. Was Robert Fowler engaged on the Hong Kong commission?

4. If so, what amount of money did he receive in, (a) salary; (b) expenses?

5. Is Robert Fowler employed by the wartime prices and trade board?

6. If so, what amount of money does he receive in, (a) salary; (b) expenses?

MOTIONS FOR PAPERS

SUBSIDIES ON POTATOES

Mr. NOSEWORTHY:

For a copy of the order in council providing for payment of a subsidy on Canadian grown potatoes, together with a copy of authorized press, radio and food bulletin notices advertising this subsidy; a copy of all forms on which application for subsidy were to be made to the Commodity Prices Stabilization Corporation; of all correspondence between the corporation and those who were paid subsidies, together with a copy of any reports made to the corporation by officials of the corporation or government charged with the responsibility of investigating the conditions on which subsidies were received.

Mr. ABBOTT: Mr. Speaker, this motion will have to pass with some reservations. The first part is all right; but the hon. member has asked for "all correspondence between the corporation and those who were paid subsidies, together with a copy of any reports made to the corporation by officials of the corporation or government charged with the responsibility of investigating the conditions on which subsidies were received." As I pointed out in the house the other evening at some length, the reports referred to are confidential interdepartmental reports and privileged, and similarly the correspondence is privileged in so far as it reveals the private competitive position of different firms. With these reservations the motion may pass. I spoke to my hon. friend about it the other day.

MUNITIONS AND SUPPLY—CANADA COMFORTER COMPANY

Mr. KNOWLES:

For a copy of all correspondence, memoranda and reports, in the possession of the Department of Munitions and Supply, leading up to the launching of a prosecution against Canada Comforter, Limited, as indicated on page 3616 of *Hansard* for June 8, 1944.

Also for a copy of any correspondence, memoranda or reports, in the possession of the Commodity Prices Stabilization Corporation, made available to the Department of Munitions and Supply in connection with the above case.

Mr. CHEVRIER: There is an objection to this motion also, on the ground that the correspondence and reports sought by the hon. member concern a matter which is now before the courts. It is the practice of the house to refuse to produce papers under these circumstances, and I am objecting to the passing of this motion for that reason.

Mr. COLDWELL: Has this case been proceeded with?

Mr. CHEVRIER: Yes.

Mr. COLDWELL: Is it in the courts?

Mr. CHEVRIER: It is now before the courts. Charges have been laid.

Mr. COLDWELL: And not withdrawn?

Mr. CHEVRIER: My understanding is that they are proceeding.

Motion dropped.

BEDDING PRODUCTS—SUBSIDIES

Mr. KNOWLES:

For a copy of all correspondence, memoranda, reports and other documents in the possession of the Department of Finance or the Commodity Prices Stabilization Corporation regarding the recovery by the said corporation of subsidy payments, or any portions thereof, made to manufacturers of mattresses or other bedding products.

Mr. ABBOTT: A similar reservation will have to be made with reference to this motion as was made to the motion of the hon. member for York-South (Mr. Noseworthy); that is, that interdepartmental reports will not be produced, as being privileged, and correspondence or other documents which reveal the total amounts of subsidies paid to individual firms will not be produced. Subject to these reservations the order may pass.

Mr. COLDWELL: Since this is the position of the government, may I suggest that this case should be referred to the war expenditures committee? The information I have would warrant that proceeding.

Mr. GRAYDON: It had better go to the public accounts committee rather than the war expenditures committee.

CANADIAN FORCES

INVASION OF WESTERN EUROPE—CASUALTIES

On the orders of the day:

Hon. R. B. HANSON (York-Sunbury): I desire to direct to the Minister of National Defence a question of which I have given him verbal notice. What are the reasons of security which prevent the Canadian people from knowing the extent of the casualties in France, having regard to the fact that Lieutenant General Bradley, at a press conference on the beachhead on June 17, disclosed to the war correspondents present that American casualties for the first eleven days of the invasion totalled 15,883, including 3,283 known dead, and 12,600 wounded? If there is to be one rule for the people of the United States and another for the Canadian people, I think the position should be clarified, and we should be given convincing reasons why they disclosed the casualty figures and the Canadian government refuses to do likewise.

Hon. J. L. RALSTON (Minister of National Defence): In the first place, Mr. Speaker, I wish my hon. friend and the house to note that it was not the United States government that made the statement which was given; it was the field commander. As a result of arrangements which were made prior to operations in the Mediterranean in July last year, it was agreed that the actual number of casualties would be released only if and when the commander in the field who is responsible for the conduct of the operations feels that such release will not prejudice the progress of the operation. I have always considered this arrangement binding, and I have never per-

mitted a release of casualty figures which might be regarded as in any way endangering the security of our forces. Any releases authorized by me have been the subject of prior consultation with our allies.

When the hon. member asked the question on Friday I told the house that nothing but security reasons prevented these figures from being announced, but that I would have to consult our allies before an announcement could be made. I must say I was very much surprised to learn on Saturday morning that an announcement had been made from the field respecting United States casualties. The house will recognize, I am sure, that I would want to take instant action in respect of it. I cabled Canadian military headquarters, as I indicated on Friday that I would do. I stated that since the totals had been announced for the United States I did not see why we could not announce the Canadian casualties as well, and I asked that communication be made with the appropriate officers so as to ensure concurrent statements on matters of this kind in the future. The reply I received this morning gave the circumstances under which the announcement was made by the field commander, which I will not disclose. The reply does, however, state that there is an agreement that no additional statement will be made public at present and that we shall be advised regarding any further announcement so that a simultaneous release can be made in Canada.

When I received this reply this morning. I telephoned to Canadian military headquarters and pointed out to them the incongruity of one country issuing a statement and others not doing so. And questioning whether an agreement should be made under these circumstances, they advised that the request had come from responsible officers connected with the combined operations, and very strongly advised that it would be definitely regarded by those who are in charge as a breach of security if figures were released by Canada at this time. I may say that figures have not been given by any of the other principal allies, that I have heard of.

I have given full consideration to the matter and under the circumstances I am not prepared to overrule the judgment of those who are on the spot, who are closer to the position than we here can possibly be. They know the detriment which might be caused to the troops —and that includes Canadian troops—and to the success of the operation itself by the giving of this information. I can only ask the house and the public to accept their judgment, as I do, and to await the announcement of the number of casualties whenever it is considered, by those in charge, that they may be safely released.

May I say further that casualties, no matter how limited they may be, are always too many. However, there are two statements I can make which I think should afford considerable relief. In the first place, in these almost two weeks of fighting in France, the Canadian casualties are moderate and below the total number estimated for the initial phase of the operation. That is gratifying and must be given at this time without amplification. The numbers will gradually disclose themselves by the publishing of lists as time goes by; but, as they explained to me, what they want to avoid is the giving out of the number of casualties for any particular phase of the operation.

The second point is that in this operation the system of reporting individual casualties is functioning, I think, with maximum efficiency. I can assure the house that almost every casualty sustained up to Friday last has been reported directly to the next of kin, and they are being kept informed of the progress of those who are wounded. It is proposed that this service shall continue to be given to the next of kin without interruption. I think we can be sure that they as well as the public are conscious of the security restrictions and would not insist that casualty figures should be given out if responsible authorities on the ground consider it inadvisable.

HOUSE OF COMMONS

REFERENCE TO PARTICIPATION OF MAJOR HUGUES LAPOINTE, M.P., IN LIBERATION OF FRANCE

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): I wish to direct a question to the Minister of National Defence on behalf of the rump. Has it been brought to the attention of the minister that one of our members, Major Hugues Lapointe, M.P., son of the late Hon. Ernest Lapointe, former Minister of Justice, has distinguished himself in the liberation of France?

Hon. J. L. RALSTON (Minister of National Defence): I have noted the statement which has appeared in the public press to the effect indicated by the hon. member. I may say that we all join in congratulating our fellow-member on this recognition of the success he has achieved and on the fine service he has rendered to the allied cause.

LABOUR CONDITIONS

DOMINION COAL COMPANY—NON-OPERATION OF MINES ON SATURDAY

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): I wish to direct a question to the

Minister of Munitions and Supply arising out out of a telegram received from Local 4530, United Mineworkers of Nova Scotia, protesting against the action of the Dominion Coal company in leaving their mines idle on Saturdays. In view of the anticipated fuel emergency in the coming winter, as exemplified by the minister's warnings to the public to get their fuel stocks early, will the minister check with the Dominion Coal company as to the possibility of continuous employment in the mines, including Saturdays? Secondly, is he in a position to take any action with respect to the second part of the telegram, namely, the miners demand for remuneration for the time lost through the company's action in keeping the mines idle?

Hon. C. D. HOWE (Minister of Munitions and Supply): The hon. member was good enough to give me notice of the question, and I have obtained the pertinent facts, which I think should be placed before the house. I must give them at some length.

I must say at once that every ton of coal that can be mined in Nova Scotia is required to meet the present coal shortage. The record of coal production in Nova Scotia during past months has been anything but satisfactory. The Department of Munitions and Supply and the Dominion Coal company as a whole are making desperate efforts to improve the situation. The salient points remain and can be noted as follows:

1. Daily production is declining from a normal 18,000 tons per day; the average at the present time is nearer 12,000 tons per day.

2. The output per man per day has decreased from 2·67 tons in 1939 to 1·73 tons per man per day for April of this year.

3. Absenteeism has increased from 14·9 per cent in January of this year to 29·7 per cent for the month of May.

As a further example of the difficulties encountered, when retroactive wages were paid out on May 15, 1944, covering the order of the national war labour board, absenteeism reached a high of 41·4 per cent. This figure has not been included in the above averages.

Another case is at No. 24 colliery (Caledonia); the mine was idle for four days, the reason given that the miners were looking for a woman who had wandered away from home. It was found that the number of men looking for this person, out of a total labour force at this mine of 468, did not amount to more then twenty on May 11 and about eight on May 12. There is no record of any men seeking the lost person on May 13 and 15, and the mine was idle for the four days and not one man asked permission to absent himself from work.

A recent survey of mining labour in the Cape Breton area indicates that there are over 600 men who are either qualified to obtain second class certificates as miners or who already have certificates but will not transfer from datal work to contract work at the coal face. The management have not to date induced these men to take over the actual productive labour in the mines, yet a substantial number of alternate workers could be found to take the place of these qualified miners now on non-productive mining work.

In an endeavour to remedy the situation the management sought permission to establish a five day week at certain of the collieries to see whether or not it would improve matters. This resulted in a telegram sent me by the Caledonia local asking that the government pay them for the shifts lost on Saturday, June 3, and Saturday, June 10.

The facts of the matter are: the company have attempted to work Caledonia mine on Friday afternoon and Saturday morning shifts against increasing absenteeism indicative of the reluctance of the producers to work on these two shifts. The average week-end absenteeism producers during May at the Caledonia collieries on Friday afternoon amounted to 64·5 per cent and on Saturday morning shifts 45·5 per cent.

All mines work a shingle shift on Saturdays. Caledonia could produce one thousand tons in that shift, but during May the Saturday morning shifts averaged from 337 tons to 581 tons. On May 27 only 63 producers out of a possible 120 reported for work. The tons produced per man on that day amounted to three-quarters of a ton compared with over two tons on a normal day.

Week-end absenteeism is but a more acute condition of non-attendance at work affecting the whole week. If producers would work steadily five days weekly, output could be increased 22 per cent over actual six day performances during May.

As indication of the attitude toward Saturday work, I may state that No. 16 colliery has worked only on two Saturdays this year because men did not turn out for work. Sydney Mines collieries, Princess and Florence, have not worked on a Saturday since February 13, 1943, for the same reason.

Mr. GILLIS: May I inquire where the minister got his facts?

Mr. HOWE: I got them from the coal administrator.

Mr. GILLIS: I thought so. That is not a statement of facts; it is a propaganda statement. I hope I shall have—

Some hon. MEMBERS: Oh, oh.

Mr. GILLIS: There is no "oh" about it. I hope I shall have the privilege of putting the other side of the story on the record.

Mr. HOWE: Will my hon. friend promise to do that, covering exactly the same ground?

Mr. GILLIS: Yes, I will.

Mr. REID: May I ask the minister whether the men were successful in their search?

VETERANS' AFFAIRS

ESTABLISHMENT OF DEPARTMENT TO DEAL WITH THE CARE, TREATMENT, TRAINING OR REESTABLISHMENT OF MEMBERS OF THE ARMED FORCES

The house resumed from Friday, June 16, consideration in committe of bill No. 83, to establish a department of veterans' affairs—Mr. Mackenzie (Vancouver Centre)—Mr. Bradette in the chair.

On section 5—Duties, powers and functions of minister.

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): Section 5 was stood over on Friday evening. When the section came before the committee for consideration the hon. member for Vancouver South expressed the opinion that instead of the words "of any person" being used to give general jurisdiction, it would be more appropriate to specify the particular persons with whom the bill is concerned, namely, former members of His Majesty's forces. As a result of this suggestion this section was allowed to stand. Since then the matter has received further study, and I am now advised that there would be no difficulty in attempting to meet the suggestion of my hon. friend. The following amendment has accordingly been prepared:

That the words "of any person" as they appear in the seventh line of section 5 be struck out and that there be substituted therefor the words "of any person who served in the naval, military or air forces of His Majesty, any person who has otherwise engaged in pursuits relating to war, and of any other person designated by the governor in council, and to the care of the dependents of any such person."

Mr. HANSON (York-Sunbury): Wherein do they differ?

Mr. MACKENZIE (Vancouver Centre): The suggestion made by the hon. member for Vancouver South is a broadening out of the terms of the words "of any person" included in the draft bill now before the committee. I am accepting the suggestion and move the amendment accordingly.

Mr. BROOKS: Are munition workers included?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. STIRLING: And the designation?

Mr. MACKENZIE (Vancouver Centre): If they are designated they would be included.

Amendment agreed to.

Section as amended agreed to.

On section 7 (renumbered 6)—Power to make regulations.

Mr. MACKENZIE (Vancouver Centre): In discussing this section in committee on Friday it was suggested that paragraph (b) of subsection 1 thereof was hardly wide enough to allow for the provision of care, treatment and training of a person in his own home. I appreciate this suggestion and I feel that it has considerable merit. Accordingly the following amendment is proposed. That this section be amended by striking out the words "other institution" where they occur in the third line thereof and inserting in lieu thereof the words "or elsewhere".

I have already given notice of my intention to move an amendment of this particular paragraph in other respects. Therefore the paragraph as proposed to be amended will read as follows:

Respecting the care, treatment or training to be furnished in any hospital, workshop, home, school or elsewhere, and providing for the care, treatment or training therein of persons entitled thereto under any statute or order of the governor in council administered by the minister.

Mr. HANSON (York-Sunbury): That is in lieu of present paragraph (b)?

Mr. MACKENZIE (Vancouver Centre): That is right.

Amendment agreed to.

Mr. MacNICOL: On Friday last I made some observations in reference to paragraph (g), under the impression that if the minister had the power under the bill which I was given to understand he had, relief would be given to numbers of veterans who for one reason or another have not been granted pensions. I should like to know if the minister is going to have increased powers in that connection.

Mr. MACKENZIE (Vancouver Centre): When this subsection was drafted it was the intention that in special cases, such as widows'

allowances, which are governed by special appropriations by parliament, the minister would have certain powers as a result of that action by this house. But the hon. member for Vancouver South pointed out, I think very properly, that this might lead to possible abuses; that the minister would be given powers to which really he was not entitled, because the pension commission is an independent body and I think should remain so. I do not believe any minister of pensions should have the power to award pensions; I say so very sincerely and very directly. So that after listening to the suggestions of the hon. member for Vancouver South, and after talking it over with my departmental officials, we are going to move to have that subsection deleted from the bill.

Mr. HANSON (York-Sunbury): I think everyone will be in agreement with that declaration of policy by the minister, that no minister should have power to grant pensions. Not only is it in the interests of the minister's peace of mind, since it will relieve him of a tremendous burden that otherwise would be cast upon him, but I think it is in the interests of the whole spirit of our pension legislation.

What I rise to speak about and protest against is the growing practice of ministers, in bringing down new legislation, to take authority to legislate, because that is what they are doing. In the bill referring to the disposal of war assets—and I hope hon. members will consider this when we come to discuss that bill in committee—tremendous power is vested in the Minister of Munitions and Supply to do almost anything. He can override the corporation and the associated committee which is set up—

Mr. MACKENZIE (Vancouver Centre): To which section is the hon. gentleman referring?

Mr. HANSON (York-Sunbury): I am directing my remarks to section 7 of the bill; at the moment I am giving an illustration. That makes the minister a dictator. If hon. members will examine the aeronautics bill which is now before this house they will find that again the Minister of Munitions and Supply is arrogating to himself all the powers of a dictator, when as a matter of fact the whole subject matter of the regulations in connection with aeronautics ought to be vested in an independent board.

Having said that may I refer to section 7(1), which reads:

Subject to the approval of the governor in council—

—which of course is very largely a formality, since the minister makes the recommendation.

[Mr. Ian Mackenzie.]

—the minister may make such regulations, from time to time, as he may deem necessary and advisable—

If the section were to stop there of course it would be impossible for parliament to delegate such power to a minister, and I am sure no minister would ask for it. In the succeeding subsections (a) to (l) both inclusive there is an attempt to limit the subject matter in connection with which the minister may make regulations. I invite hon. members to read carefully the provisions of those paragraphs. They will observe, I think, that they cover practically the whole gamut of the powers that are to come under this new department of veterans' affairs, save and except the awarding of pensions.

Mr. MACKENZIE (Vancouver Centre): They have been there for twenty years.

Mr. HANSON (York-Sunbury): Well, its antiquity does not make it any better. This, Mr. Chairman, is just a repetition of what Lord Hewart many years ago eloquently described as "the new despotism," and this practice has gone unchallenged until now members of parliament are accustomed to having ministers bring down legislation of this kind, and to being told that because it had been done previously times without number, therefore it was all right. That doctrine does not appeal to me, and I do not think it should appeal to the membership of this house. It is a rule of law, of course, in delegating powers, especially in the municipal sphere, the municipalities being creatures of the provincial legislatures, that authority may be granted by the provincial legislatures to cities and incorporated towns to make by-laws and regulations respecting certain subject matters. If hon. gentlemen have had any experience in municipal law, and I presume there are members of the legal profession here who have had such experience, they will know that the courts always construe those delegated powers very strictly; that unless the thing was within the ambit of the delegated authority, it does not become legal. Many by-laws have been passed by municipal legislators under such delegated authority which have not stood the test of the courts. But I venture to suggest that there is no such restraining power on whoever may be minister under this bill. Who will come into court; what opportunity will there be in any given case to test the validity of the powers exercised by a minister under this delegated authority? There will be no one. In the first place, these regulations are usually applied to veterans—which, by the way, is not defined in the act, and before this bill passes I should like to know who is to be a veteran—and these men are in no position to

contest regulations made by the minister which might have detrimental effects upon their fortunes. Certainly the taxpayers of this country, who have to foot the bill, have no *locus standi* in the courts to contest the validity of any regulations the minister may make. The result would seem to be, and I think this is apparent, that within the ambit of section 7 of this bill the minister becomes a law unto himself, and he is passing legislation. In principle I condemn that practice. It ought never to be delegated by parliament, except in its most plain and administrative features.

Here the minister is granted authority. Authority is delegated to him to exercise not only administrative but also executive functions, and, I venture to say, judicial functions. Has the minister ever looked into that situation? Did his advisers, when they drew up this bill, have in mind the fact that once it passes parliament they are given full control over everything and can do about it as they please in the days to come, in respect of the great responsibilities of the situation which will be created after this bill becomes law? The well-being of numberless men is left to the tender care—I am willing to use that expression in its proper sense; I am not satirical when I use it—of the minister. That means it is left to his advisers.

I do not like this type of legislation at all. I do not think the country will like it when it is fully seized of its implications. And I do not think any administration ought to ask parliament for authority of this kind. It is on a par with government by order in council, which never sees the light of day until after its enactment into law under the War Measures Act.

The whole thing is bad in principle; it is wrong in practice, and it ought not to be followed out by parliament without at least a protest. That is what I am making to-day. I make that protest against the underlying principles and theories of this legislation. I hope I shall receive some support. I do not for one moment, of course, hope to change the minister's opinion. And yet I know that in his heart he will admit that the theories I am trying to advance are sound in law, in fact, and in principle.

Therefore I do protest as strongly as I know how against parliament's delegating to ministers, not merely the powers of administration—because I think they have to have those powers—but powers executive and judicial which should never be vested in an individual minister.

This is a repetition of what has gone on for more than twenty years, by all governments, and it is time to call a halt. I could illustrate by an analogous case I have in mind, going back many years ago to the time when the government of this country was operating Canadian government railways, among which was the old Intercolonial Railway. This was before the days of the board of railway commissioners, now known as the board of transport commissioners. A man who was opening up a new class of shipments—to be exact, the first movement of pulpwood from New Brunswick to the state of Maine—applied to the traffic manager of the Intercolonial railway to fix rates. The rate was high—even in those days it was so considered, despite the low level of wages, salaries and operating expenses. It was so high that having regard to the price of the commodity at its destination this would-be shipper could not see his way clear to move the goods. What did he do? He went to the minister of railways of that day, who happened to be a good personal as well as a good political friend. The minister of railways, under the authority vested in him under the old act, fixed a rate which was below the cost of operation to the railway. I give that only by way of illustration.

The minister is going very far in asking for the authority which would be vested in him under section 7. If the request were limited purely to administrative matters, I would not have so much objection to it. But I do object to giving the minister executive authority to legislate, and authority to exercise judicial functions.

Mr. MACKENZIE (Vancouver Centre): I am really and truly amazed at the remarks of the hon. member for York-Sunbury.

Mr. HANSON (York-Sunbury): You are?

Mr. MACKENZIE (Vancouver Centre): Anyone in the committee would think that the Minister of Pensions and National Health was introducing something drastic, something new, something revolutionary, in this legislation. Except for the removal of restrictions in regard to persons who served in the great war which commenced in August, 1914, this provision is identical with the language which has been used in legislation in the last twenty-five years of parliament. It is identical with language which my hon. friend has supported time and again in the House of Commons and in committee.

Mr. HANSON (York-Sunbury): I do not think I ever did.

Mr. MACKENZIE (Vancouver Centre): This legislation is not partisan legislation.

Mr. HANSON (York-Sunbury): I know it is not.

Mr. MACKENZIE (Vancouver Centre): Then why introduce this new principle in connection with a non-partisan bill? The fact is that these regulations are going to be necessary. They are almost entirely for the purposes of administration. The minister must have this power; otherwise a bill would have to be passed at each session. He must have power of regulation if he is to administer. Any minister must have that power—I do not care what government is in office. This is not a new principle. There is no departure from theory which has been accepted in parliament for the last twenty-five years. And this tirade by my hon. friend takes me absolutely by surprise. It is a most amazing departure, even by my hon. friend. The wording here is identical with the wording used in the past, by the union government of 1919, and other governments since.

Mr. HANSON (York-Sunbury): That does not make it sound.

Mr. MACKENZIE (Vancouver Centre): Why did not my hon. friend change it in those years?

Mr. HANSON (York-Sunbury): I was not here then.

Mr. MACKENZIE (Vancouver Centre): He has been in the house and outside the house for many years. Why become an eleventh hour convert in regard to principles which he refused to recognize in former years, when he had the power to make changes?

No matter who the minister of pensions and national health is going to be, he must have power to make regulations. I have known the ministers for the last twenty-five years, and I know that not one of them has abused that power. This provision is for the purpose of helping out those who are going to help, through this legislation, the veterans of the first great war and those of this war. Ministers must have that power, and this will give it to them.

Mr. HANSON (York-Sunbury): I resent the suggestion that I entered upon a tirade. I was simply endeavouring to explain some honoured principles. The fact that this power to make regulations has been in pension legislation, and other acts the minister mentioned —or did not mention—does not create any great impression upon my mind. I was striving to establish a sound principle. And the fact that there is antiquity behind this procedure does not impress me at all.

When the minister accuses me of having supported this kind of legislation I can say to him that in the last four or five years, and on every occasion I can remember, I have protested against this procedure in connection with the delegation of authority.

The minister referred to what was done by the union government. Certainly I am not going to be called upon to answer for their sins. Neither the minister nor I was here at that time. But the position would be exactly the same, no matter who it was, because I believe it is bad in law and bad in principle to delegate the ministers anything but the merest powers of administration. That is the objection I take. It is in respect of the judicial position, or the judicial examination of a given case, and the exercise of judicial authority and executive authority, that I contend the bill goes too far. The fact that a thing has been done before and some people have not protested against it is no answer at all. It is just a *tu quoque* argument; it does not get us anywhere.

I should like to see the minister defend these regulations one by one. I never suggested that he would exercise the powers in a partisan way. Nothing was farther from my mind. So far as I know, the present pensions ministry, including the commission charged with responsibility has not been partisan. I do not for one moment think there has ever been any suggestion—certainly I have never made it—that there was anything partisan about the administration in this respect. Suggestions have been made as to appointments made to the commission. I have not altogether agreed with them. I remember a certain gentleman who was appointed as chairman of the pensions commission and charges of partisanship were made with which I did not agree. I thought a man of high character had been appointed. I do not know anything about the members of the present commission, and I am not suggesting for a minute that there is partisan administration of the commission or of the department itself. I will go that much farther.

I think the minister has really misapprehended the position I am taking. I want to reaffirm the principle of the supremacy of parliament; that is all I am seeking to do. It is about time that somebody in this house, some member of some group on this side or, if I may make so bold as to say, some member on the other side, protested against the continued practice of delegating parliamentary authority to ministers.

Mr. McIVOR: Mr. Chairman, not being a lawyer I do not see the same difficulties that the hon. member for York-Sunbury has referred to, but practical common sense tells me that everything should have a head and

that somebody should have responsibility. I hope the minister will be the minister who will have the opportunity of putting this legislation into practice. Ever since the resolution was introduced I have been grateful for this legislation.

However, there is one thing that makes me a little anxious. I hope that the district pensions advocate will still hold his position. I should like to ask the minister if it will be possible for the Department of Veterans' Affairs to instruct the pensions advocates to advocate in the interests of the pensioners and not in the interests of the government or the taxpayers of Canada. Some years ago I sat in when a committee was in session in Fort William, and I must say that I became very anxious for the pensioner. These pensions advocates should be instructed to advocate in the interests of fair play. That is all the returned man wants. If he gets that he will be a happy man. This is the information I was going to ask for the other day.

Mr. MACKENZIE (Vancouver Centre): I assure my hon. friend that the definite duty of every pensions advocate in Canada is to argue and fight for the returned soldier and not for the government or the treasury in any way whatsoever. If there is any doubt about the situation we can certainly issue further instructions to every pensions advocate in Canada to that effect.

Mr. McIVOR: Thank you.

Mr. COLDWELL: Mr. Chairman, I am sorry I have not had time to go into this bill, because I have been away for two or three weeks. The minister has been entirely sympathetic to the veteran and to the returned man generally. During my visit to Saskatchewan I ran across some cases on which I expect to have notes in a day or two. These would seem to indicate that perhaps some of the officials are not giving the sympathetic treatment to the veteran of the present war that I think the minister would wish. I find that there has been great delay in the cases of men who have been discharged because of wounds, in obtaining the necessary treatment and pay.

I ran across a lad from my own constituency called Tony Woodbine. He had been wounded in Italy in the hip and had lost an eye. He came to me after my meeting in Saskatoon and told me that he had not been able to get what was required to maintain himself and his wife in decency. The legion in Saskatoon had taken up his case, but so far they had not been able to do anything. I notice that this has been contradicted in the papers, but people who knew this lad at Lucky Lake in my constituency told me that he was a reliable boy.

Mr. MACKENZIE (Vancouver Centre): I will look that up right away.

Mr. COLDWELL: There was another case, that of a man whom I met in Tisdale. He told me he had been let out because of rheumatic fever and a heart condition, following which he had received a pension of $30 a month for some few months. He was then reexamined, told he was fit for work, and given a card for a position in the penitentiary at Prince Albert. When he presented the card he had to undergo another medical examination, whereupon it was found that his heart was in such a bad condition that he could not be employed. The result is that this lad is without a pension and without a job. There would seem to be some lack of consideration in a case like that.

One of the aldermen met my train at Winnipeg and told me that at the present time there are some eight men on relief in Winnipeg who are veterans of this war.

Mr. MACKENZIE (Vancouver Centre): I am sure that that is not correct, because I checked up every single case in Winnipeg.

Mr. COLDWELL: I am glad to know the minister has checked that up, but that is the information I was given. I just take this opportunity to bring these cases to the attention of the minister. I am convinced that in this particular instance it is not the minister who is at fault, because I think everyone in this house realizes that the moment a case is brought to his attention he has it investigated, and if there has been any injustice in the case of a veteran, it is looked after immediately. I think perhaps the minister might go into this matter with some of his officials and see what is wrong. These returned men should not be subjected to any delay, and I think it is delay rather than anything else.

A word about the placement of these men, which would come under the Minister of Labour. A young man in Regina was let out after a double hernia operation. He went in with category A-1 and came out with category E. Yet he was given a heavy job in a warehouse for which he was entirely unsuited. I hope to have an opportunity of saying something more about the placement of these men by the selective service branch. What we need are placement officers who really understand human nature.

Mr. MACKENZIE (Vancouver Centre): The placement of disabled men is entirely our responsibility, and we are having great success

in that regard. Other cases would come under the Department of Labour, and that department is cooperating most effectively. They are establishing veterans' sections in various offices, and this should meet the point raised by my hon. friend.

Mr. COLDWELL: The placement officers should be thoroughly trained, something that we have not had in the past. There are so many categories of jobs that this work is entirely different from what it was a few years ago.

Mr. BROOKS: Section 7, subsection 1, paragraph (e), reads in part as follows:

. . . and in the case of insane persons who are being or have been so cared for under this act, the assumption or authorization of guardianship in whole or in part in respect of such properties or moneys, and for the disposal of such properties or moneys to such persons or their dependents, or as may be deemed expedient or the disposal thereof to the estates of such persons if deceased.

I was wondering whether this would not interfere with the courts of the different provinces. People who are insane and are placed in these institutions usually have parents, brothers or other relatives who could very well act as guardians, just as they would if the man had not been in the army. There is no question that the department should look after these men, but just why it should take on the guardianship of any property I cannot just understand. Perhaps the minister could give us an explanation. It certainly looks like interference with the jurisdiction of the courts and provincial rights.

Mr. MACKENZIE (Vancouver Centre): Where there is a recognized relative we immediately admit that he is the proper guardian and cooperate in every possible way. We might have to assume guardianship of a citizen from another country, or a veteran without near relatives, who would be placed in such an institution. But of course if there were a relative in Canada we would cooperate in every possible way with that relative.

Mr. BROOKS: The statement is so general, it looks as though there might be some interference.

Mr. MACKENZIE (Vancouver Centre): No; it has been there since 1919.

Mr. HANSON (York-Sunbury): I am glad to see that the minister recognizes that this is a question of property and civil rights and that there is another jurisdiction. He says that in a case where there are relatives—who are fit, I assume, to handle an insane person's estate or affairs—the department would in every case authorize them to apply to their proper jurisdiction for appointment.

Mr. MACKENZIE (Vancouver Centre): That is right.

Mr. HANSON (York-Sunbury): Of course that is not implied in the section as it is now, and consideration might be given to including that principle in the latter part of the relevant subsection. I can well understand why the minister states that in the cases of nationals from other countries or those who have no dependents or relatives in this jurisdiction someone ought to have the authority to take charge, but may I point out that in nearly every jurisdiction in the common law provinces of Canada that I know anything about, there is an official, sometimes called the official guardian, who performs this very function. I do not myself see any great objection to having someone authorized to do this.

Mr. MACKENZIE (Vancouver Centre): We use the services of the official guardian in every possible case.

Mr. HANSON (York-Sunbury): I think that is proper. The practice then is not as one would assume from reading the bill. I suggest that in the case of a man with dependents and relatives within a given jurisdiction, the provincial courts upon proper application would exercise that jurisdiction and displace any appointment that might be made by this department. It may not be a practical question. I would not think that many cases have arisen since 1919 where the department had to have one of its officers constituted official guardian for the estate of an insane person. Therefore the matter may be purely academic; for that reason I would not stress it very much. I merely want to supplement what the hon. member for Royal has said. This is to be an invasion of a distinct provincial jurisdiction, which ought not to be invaded without proper cause and in a proper case.

Mr. MACKENZIE (Vancouver Centre): So far as I know there have been no cases of conflict at any time with regard to this section. The main purpose of it is in cases where there are no guardians to administer funds on behalf of the man himself.

Mr. HAZEN: If there has been for years a section in the previous act similar to this section I assume there has been a regulation made under it. Would the minister give the wording of that regulation so that we may see just what it does say?

Mr. MACKENZIE (Vancouver Centre): There is a three-page order in council which I would like to table for my hon. friend. It is lengthy; I do not think he wants it to be read now.

Mr. HAZEN: I would not insist on it.

Mr. MACKENZIE (Vancouver Centre): With the consent of the committee I table the order in council.

Mr. HANSON (York-Sunbury): I notice that in the Pensions and National Health Act, chapter 39 of the statutes of 1928, there is a whole clause—paragraph (d) of subsection 6 of section 1—regarding the detention of properties and as to moneys and receipts therefor and guardianship of the insane. Is there any change between that and the present bill.

Mr. MACKENZIE (Vancouver Centre): There is no change from the old act.

Mr. HANSON (York-Sunbury): No, I did not think so.

Mr. DIEFENBAKER: In connection with section 7, and the general omnibus clause which is given in paragraph (l) for the purpose of carrying out the provisions of the bill with respect to any matter placed under the control and management of the minister, could a provision be included under which the war veterans' allowance would be made payable to imperial soldiers? I raised this point before, and I was not able to get an answer at the time. There are quite a number of ex-imperials in this country who find themselves in a destitute position and for whom no provision is made for payment of any allowance similar in nature to the war veterans' allowance. I should like to find out from the minister whether consideration has been given to the inclusion of these men and their dependents. Only to-day I received a letter from the widow of an imperial not in receipt of a pension at the time of his death. She is in destitute circumstances, and I know of no provision to-day whereby her condition may be alleviated. Is consideration being given to some award in the nature of the war veterans' allowances to such persons, or to their dependents?

There is another matter in connection with which I consider there should be an addition to the powers contained in section 7 to make regulations; I refer to a form of soldiers' insurance similar to that now in effect in the United States. So far as our pension department is concerned—and I am not inclined to hand out commendation unless I believe it is due—any matters I have brought to the minister's attention have received at all times sympathetic consideration. If there is one thing more than another which we must endeavour to achieve in connection with veterans' matters, it is to remove them entirely from partisan consideration, and it is in that spirit that I discuss matters which I bring before the committee to-day.

In the United States there is in effect an insurance system under which any man who joins the army of the United States is entitled under the national service life insurance act of 1940 to apply for life insurance up to $10,000, for which the soldier pays at the rate of $7.70 per $1,000 per month for the period of hostilities. Should that soldier be killed in action or die while in the service of his country, payment is made for the period of two hundred and forty successive months at the rate of $5.51 per thousand dollars of insurance to the dependent or whoever is named. It would not be costly to bring in this system of insurance for the soldiers, and it would be conducive to the improvement of the conditions of the relatives of those who are killed in action. Many of those who die in the service of their country leave relatives —mother and father, we will say—who were not dependents but who in the later years of the soldier's life, had he survived, would have had the benefits which all sons confer upon their parents. I know of two families who in this war have each lost sons. To-day these people are almost in destitution, although they were not dependent upon their sons. Had there been in effect a system of national insurance such as there is in the United States, those parents would have been assured for a period of twenty years of a reasonable monthly payment.

I again bring this matter to the attention of the minister and the committee. It is not yet too late to bring into effect this system of national life insurance. I have endeavoured to ascertain in the past from various ministers what is being done, and each has taken the stand that the matter is being considered but that it does not come directly under his department. To-day, however, with the unifying of functions under a veterans' department, the matter will rest squarely on the minister. I would appreciate it if he would place before the committee the attitude of the government towards the establishment of a system of insurance similar to that in effect in the United States. I have here a pamphlet issued by the war department of the United States entitled "Personal Affairs of Military Personnel and Aid to Their Dependents" in which is set out in detail the rights of men and women in the armed forces of the United States and among other things it gives full

particulars of the insurance scheme. A similar kind of booklet might very well be considered by the minister and published here in Canada for the benefit of the troops.

Mr. MACKENZIE (Vancouver Centre): Is that the G.I. bill?

Mr. DIEFENBAKER: It was published on April 1, 1944. It is an unusually useful book. It deals with suggestions for preparation, transportation of dependents and military personnel, medical assistance, emergency relief, shipment of household goods—in the United States where personnel are moved from one place to another the dependents are entitled to free transportation as well as freight on their household goods to one change of place during the period of the war—pay and allowances, and so on.

There is another matter to which consideration should be given. There is a hiatus between the death of the soldier and the payment of any allowances made. In the United States, regardless of whether a man is entitled to a pension or not, immediately he appears in the casualty list as killed in action a death gratuity of six months is made payable, the purpose being to ensure that there shall be no hold-up in monthly payments to his dependents. Up to the present various publications have been issued by the Canadian government, but it is surprising the number of men in the armed services who write to members of parliament asking what their rights are to-day and what they will be after the war. No one can complain that there is any political or partisan significance in a pamphlet or booklet such as this. It is written dispassionately and objectively, and contains information that ought to be available to the men in the forces.

To sum up, I would like the minister to advise of his attitude toward the question of making war veterans' allowances available to imperial soldiers. Secondly, I would ask what decision has been arrived at as to whether there should be available to our soldiers in Canada insurance for veterans at cost only for the period of the war.

Mr. MACKENZIE (Vancouver Centre): I am grateful to my hon. friend for the constructive suggestions he has made. The first point was the question of veterans' allowance for imperial soldiers. This has been a contentious question in Canada for a number of years. It has been a subject of discussion at all Legion conventions, all conventions of ex-service men, and in the last four or five parliamentary committees dealing with pension problems, veterans' allowance, and similar questions. The great difficulty of course is that it is limited at the present time to Canadians who saw service in a theatre of actual war, except in a limited number of cases where pensions are paid.

Speaking personally and not as a member of the government, I think the first step to be taken is to broaden the scope of veterans' allowances to Canadians who serve elsewhere than in a theatre of actual war.

Mr. GRAYDON: Is that the policy of the government?

Mr. MACKENZIE (Vancouver Centre): I am speaking as member for Vancouver Centre. I think that before you extend the veterans' allowances to imperials who have served in the front line in a field of actual war, you must extend it to Canadians who have served anywhere. I think it will be necessary to do that.

Mr. GRAYDON: Does the minister think he will be able to induce the government to do that?

Mr. MACKENZIE (Vancouver Centre): If my hon. friend will help me, I am sure.

Mr. GRAYDON: I have tried before to help the minister.

Mr. MACKENZIE (Vancouver Centre): The second point was the question of soldiers' insurance. This is of two kinds, insurance for those in the service and insurance for those who have returned from service. In regard to the latter, we had a returned soldiers' insurance act after the last war, and we have now a committee—that is part of the demobilization plan—who are giving careful consideration to measures to be recommended for returned soldiers' insurance.

In regard to the legislation in the United States mentioned by my hon. friend, who made a very fine speech a year ago, which I recall very well, there are two different methods of approach. One is the actual initiation of national policies, which has not been very widely accepted in the United States. As a matter of fact, we had figures on it about two months ago, and I was surprised that the principle had not been more widely accepted than it was.

Mr. DIEFENBAKER: Were there not 770,000 policies taken out?

Mr. MACKENZIE (Vancouver Centre): That may have been my hon. friend's information. The alternative method would be the protection of premiums on policies already in existence. That is one of the greatest dangers I see for those who are serving, and that should receive definite consideration. As a matter of fact we have given it a good deal of consideration, but what the ultimate policy will be I cannot say at the moment. We have

been considering both these phases of insurance. The third point was in regard to the hiatus between the death of the soldier and the payment of benefits, and that should receive every possible consideration from any government.

I can only assure my hon. friend that the matters he has mentioned will not be forgotten. Indeed they are now actively receiving the attention of various departments, and I trust that before the session is over some announcement will be made respecting some of them at least.

Mr. GILLIS: When I spoke on this question before I emphasized the importance of the welfare officers located in the different communities across Canada. I wish to direct attention for a few minutes to another phase of that particular problem. I understand now that the R.C.A.F. are giving courses with a view to men acting as personnel counsellors; I believe it is their intention to train certain personnel back from overseas on the station with the end in view of sending them overseas to meet returning personnel and to give them certain instructions before they come back to Canada. I think that that arrangement is all to the good; it is exactly what should be done. However, there is one exception I have to take to it. It would appear to me that the men selected by the R.C.A.F. for training as personnel counsellors are exclusively officers. They are confined to the office branch. I have had two specific complaints.

Mr. MACKENZIE (Vancouver Centre): Is that so? I did not know that.

Mr. GILLIS: That is right. I can give the minister two cases. The first was that of a warrant officer No. 1. He had been overseas since 1940. He returned and was actually taking the course. He had all the educational qualifications necessary. He was very popular with the men. He was notified that he must discontinue the course because he is not of officer rank.

Mr. MACKENZIE (Vancouver Centre): I must say I have never heard that before.

Mr. GILLIS: They are not appointing any new officers because they have sufficient. In my opinion that is bad legislation. It is class legislation, and should be corrected immediately. Whether it comes under the Minister of National Defence for Air or not, this bill seeks to set up a department of veterans' affairs that is to be all-inclusive. It is going to take the responsibility of directing the whole show regardless of the branch of the service the men are in. If a warrant officer, a pilot who has been overseas for some years, or one who served in the capacity of an air gunner, comes back and has all the necessary qualifications, he should be allowed to take the course regardless of the rank he held.

Mr. MACKENZIE (Vancouver Centre): There will not be the slightest doubt about that.

Mr. GILLIS: It is not being done now.

Mr. MACKENZIE (Vancouver Centre): After discharge?

Mr. GILLIS: It is not done now, and it is creating terrific resentment. Within the last few days I have had men at the station at Rockcliffe who recently returned from England come to me in a very bad state of mind because they were being refused the right to take a course of that kind. They were already on the course and were being taken off.

Mr. MACKENZIE (Vancouver Centre): That is before discharge?

Mr. GILLIS: Yes, before discharge. I suggest that the minister should consult with the ministers of national defence for navy, army and air and have it corrected.

Mr. ADAMSON: I should like to discuss a question which comes under paragraph (g), section 7—

Mr. MACKENZIE (Vancouver Centre): That paragraph is being deleted.

Mr. ADAMSON: Is it? Well, the general remarks I was about to make are applicable to the whole bill. I take exception to the use of the word "pension" as applied to members of the armed forces who have suffered disability on service. I do not think the word "pension" is the accurate one to use in that case. I know that there is great difficulty in finding another word; but generally speaking, a pension is something that is paid to an individual after long service. After men in the permanent service have served thirty-five years or have devoted their entire life to the services of their country, they receive a pension, whereas a citizen soldier who enlists and receives a wound or disability also receives what is called a pension. I have heard some people criticize the use of the word "pension" there. It is not really a pension in the sense of a pension for long service; it is a compensatory grant for a definite disability caused on service. I wish the minister would give some consideration to differentiating between a

definite pension for long service and the grant for disability caused by actual wounds or injuries in combat service.

My next point has come up before in this committee. It has to do with the differentiation between the rates of the United Kingdom pension and the Canadian pension. I have taken up with the minister several cases of imperials who were rated on a definite percentage of disability. I have had correspondence with him in respect of one case where the individual was rated a hundred per cent disability. He was badly gassed and suffered from tuberculosis. He was able to do only light work and was just getting by. He fought with the imperials in the last war. Although he had some claim to Canadian domicile before that war, it has not been allowed either by the United Kingdom authorities or by the Canadian authorities. Because he served in the United Kingdom forces his pension is on the United Kingdom basis. There is no complaint about his being a hundred per cent disability. All the Canadian pension boards who have seen him have agreed that he is a hundred per cent disability; but because he happened to serve in the United Kingdom forces the actual cash pension that he receives per month is on the United Kingdom rate, which is very much lower than Canadian rates; consequently he finds great difficulty in getting by. Although he has not had to appeal to charity, he is almost in that position. There must be hundreds of cases of the kind. The first thing that the minister who is in charge of this department should do is to make some reciprocal agreement with the United Kingdom authorities so that when a veteran emigrates from the United Kingdom we may be prepared to take on the differential between the United Kingdom pension and the Canadian pension.

Mr. MACKENZIE (Vancouver Centre): Was this man domiciled in Canada before?

Mr. ADAMSON: This man was domiciled in Canada. I have corresponded with the minister about it. I shall not mention his name to the committee, but he had some domicile in Canada. Actually he had served in the Canadian hydrographic survey. There was some question about his domicile, and the authorities ruled against him. However, he was definitely living in Canada prior to the last war. I bring up this case as an example. He had a greater claim than many others have. We should pay the same rate to these men as we pay our own.

I should like to know how much insurance held by members of the Canadian armed forces has lapsed.

[Mr. Adamson.]

Mr. MACKENZIE (Vancouver Centre): In this war?

Mr. ADAMSON: In this war. Is there any way of getting that information? Several men who have quite large insurance policies, definite obligations towards their families, have come to me after enlisting, and nearly all have expressed worry about whether or not they would be able to continue the premiums on their life insurance. What are the figures in that respect? I take a strong stand against the lapsing of any man's insurance policy because he joined the armed forces. One of the things this measure should guard against is the lapsing of a man's life insurance because he has joined the army. That is only the minimum of fairness we must hold out to our service men. I should like to know if the minister has any figures in that regard.

Mr. MACKENZIE (Vancouver Centre): In reference to the last point raised by my hon. friend, I think that is the key point in regard to insurance, the protection of the premiums of those serving overseas. We took up that question some two months ago, in regard to these lapsed policies, but we were not able to get the information referred to by the hon. gentleman. We had a conference with some of the insurance company heads in regard to this whole question.

Another point raised by my hon. friend was in regard to the use of the word "pension". I am quite aware that for years the amputations association has advocated that a different word be used, something like "disability compensation" or similar words. The difficulty would be that you might have a word which would apply to a disability pension but not to a dependent's pension. I know there is a substantial advocacy of the point raised by my hon. friend in that regard, but I am afraid it would be difficult to get a suitable word.

The third point raised was in connection with an imperial who had been living in Canada, but who must have left this country before the war with the intention of residing in the old country. If he had been domiciled in Canada and had intended to maintain his domicile here, he would be entitled to the higher rates of pension given by the Canadian government.

Mr. ADAMSON: I shall resubmit the file to the minister.

Mr. MACKENZIE (Vancouver Centre): Thank you. It is very interesting to note that pension payments by the British government to 1,192 Canadians who were serving in the imperial forces during this war totalled $365,360, while the amount added by the

Canadian pension commission to bring those pensions up to the Canadian scale was $775,974, or more than twice as much. That shows that the people of Canada have been very considerate in their pension scale as compared with the old land, and I say so with respect to my native country.

Mr. ADAMSON: But could not some reciprocal arrangement be worked out in connection with the imperials? I think we all admit that living is more expensive in Canada; at least it always has been considered more expensive to live on the continent of North America than in Europe. I believe we should take that into consideration and work out some arrangement for the imperial veterans.

Mr. MACKENZIE (Vancouver Centre): We have been giving a great deal of thought to that very point, not only in connection with the United Kingdom but also in connection with the United States. The associate deputy minister, Mr. Woods here, and I, went to Washington some months ago to try and get some reciprocal arrangement with the government of that country in regard to certain treatment for their men here and for our Canadians down there, but you will never get reciprocity in pension matters until you have social security legislation in the various parts of the empire more or less on the same pattern. That is the only way you can get reciprocity in connection with pension treatment and consideration.

Mr. ADAMSON: That is one reason why I think we should have an imperial council; that would be one of the questions to be discussed.

The CHAIRMAN: I must remind the committee that we are on paragraph (e) of section 7 of the bill, and I would ask hon. members to keep within the ambit of that paragraph, if possible.

Mr. JACKMAN: Following up a question asked by the hon. member for Cape Breton South, the minister may have given this information previously, but since unfortunately I was not here all the time I should like to know exactly where the department of veterans' affairs takes over and the Department of National Defence leaves off.

Mr. MACKENZIE (Vancouver Centre): On discharge.

Mr. JACKMAN: Would the minister say something about the coordination of the activities of the various defence departments and of this veterans' affairs department? I understand, and it was mentioned also by the hon. member for Cape Breton South, that the air force in particular is outlining certain extensive preparations which are being made to deal with the men before they are demobilized; the Minister of National Defence for Air made certain suggestions when his war estimates were before the house. I should think that this would certainly duplicate, if not conflict with, many of the plans envisaged by the department of veterans' affairs. Would the minister say exactly whether or not there is duplication in the air force, and perhaps in the army and navy as well?

Mr. MACKENZIE (Vancouver Centre): I do not know whether my hon. friend was here last Friday when we were discussing the second reading of this bill. At that time the Minister of National Defence (Army) dealt at length with the very point the hon. gentleman has raised, in regard to the service committees now functioning in relation to what might be called some of the predischarge and rehabilitation preparations, and also as to what would be the functions of the inter-service committee. There is also an inter-departmental committee, on which pensions and national health is represented together with the services, to coordinate the work of the various service departments and what I might call the post-discharge department, pensions and health or, as it will be before long, veterans' affairs. There is no duplication. As my hon. friend has suggested, some personnel counselling is done in the service, and it is the responsibility of the service departments during the transition or waiting period, before repatriation is effected, to render all possible service by educational courses and otherwise to prepare the men for rehabilitation. Once a man reaches the demobilization centre or depot in Canada, however, the officers of this department will be there to advise in regard to vocational training, land settlement, educational training, and the various other activities of the department. They will be able to advise the men who have made up their minds already as to what they intend to do. So that there is no duplication; the one is preparation before discharge, during the time of transition, while the other is the post-discharge work of the Department of Pensions and National Health.

Mr. JACKMAN: But it would seem that the failure to discharge a number of men from the air force has been due to the fact that they were not prepared to take up their projected civilian occupations, and therefore had to be given certain schooling and training while still on the active strength of the air force. I should think that would come more properly under the department of veterans' affairs, so that there is duplication in that

connection. I understand the men are being intentionally held in the air force, and not being demobilized, because it is desired to give them certain specific training. I am given to understand further that the air force feel that because of their youth, and because of the hazardous occupation they have been following for the last three, four or five years, their men are entitled to special treatment. I have no particular objection to that, as long as the men of the other services are treated fairly, as long as all efforts are coordinated, and as long as no unnecessary expense is entailed. It does seem to me, however, that at the present time men are being purposely held back from demobilization in order to give them training.

Mr. MACKENZIE (Vancouver Centre): I have not heard that suggested before. On March 2 the Minister of National Defence for Air fully described the policy of his department.

Mr. JACKMAN: Yes, but I think he mentioned four or five alternative proposals, and I do not believe any conclusion was reached at that time.

Mr. MACKENZIE (Vancouver Centre): I do not think they have been retained for training purposes only.

Mr. JACKMAN: The regulations should be as definite as possible. My general criticism of this bill is that it is sketchy in its various sections, instead of outlining matters with more particularity.

Mr. BRYCE: I should like to ask the minister a question with regard to members of the women's services who may require pensions. At the present time they are paid eighty per cent of what the soldiers are paid. Will that ratio be applied when it comes to granting a pension to one of these women; will she receive only eighty per cent of the pension that would be paid a man?

Mr. MACKENZIE (Vancouver Centre): The pension now paid is on the basis of the army pay, which was two-thirds and is now four-fifths of a soldier's pay.

Mr. BRYCE: That is unfair. It costs a woman as much to live as it does a man.

Mr. MACKENZIE (Vancouver Centre): I am inclined to agree.

Mr. BRYCE: The argument has been that a woman did not do as much work as a man in the army, that she did not carry a bayonet or anything like that. However, it seems to me that if a woman is good enough to offer her life to take the place of a man, at least she should receive the same pension that is paid a man. Does the minister not agree with me?

Mr. MACKENZIE (Vancouver Centre): In a personal way I do.

Mr. BRYCE: Then, if the minister agrees, he should see to it that such a provision is put in the regulations.

Mr. McLARTY: I move.

That paragraph (g) of subsection 1 of section 6 be deleted.

The CHAIRMAN: That is the new number—section 6.

Mr. STIRLING: How does the minister purpose handling the cases which were to be handled under paragraph (g)? He referred to the way in which merchant seamen, fire fighters and various others would be cared for under that paragraph. How will he now do it?

Mr. MACKENZIE (Vancouver Centre): Merchant seamen are now protected by order in council, and will be protected by a statutory provision in the Pension Act as soon as that act is consolidated and all these orders in council are embodied in it.

Mr. STIRLING: And they will be taken care of by orders in council until such time as the Pension Act is amended?

Mr. MACKENZIE (Vancouver Centre): Yes; they are cared for in that way now.

Amendment agreed to.

Mr. JACKMAN: With respect to paragraph (i), is it the intention of the government to bring down any additional legislation in connection with sheltered employment, or is it going to do the whole thing by regulation? I understand that in Great Britain they have a disabled employment act which provides for workers who are unable to use all their limbs, or who have not ordinary facilities. This act also applies, I believe, to civilians. It is an important measure, and I think the committee in this instance should know exactly what the government intends.

Mr. MACKENZIE (Vancouver Centre): This does not deal with any new project; it is just to continue the power of the department to carry on the old vetcraft work, which we had been doing for years—work in connection with the manufacture of poppies, and the like. If there were further legislation for sheltered employment it would not necessarily come within the ambit of this paragraph.

Mr. JACKMAN: Is it the intention of the government to consider bringing down further legislation to provide sheltered employment?

Mr. MACKENZIE (Vancouver Centre): I am not in a position to say, one way or another.

Mr. BROOKS: Under this paragraph does the department intend to take over the administration of the Last Post fund?

Mr. MACKENZIE (Vancouver Centre): That is covered now by order in council through this department, and the arrangement will continue. There are the most friendly relations, and splendid cooperation exists in connection with that fund.

Mr. BROOKS: The other day I spoke to the minister about war graves overseas. I understand the matter is looked after here in Canada by the imperial war graves commission. Under this measure will the work be done here by the department in Canada, or will it be handled by the imperial war graves commission?

Mr. MACKENZIE (Vancouver Centre): It will be handled by the imperial war graves commission, unless there is some change in policy. We have in Canada a director of military cemeteries. That is in Canada only. Then there is a committee which meets from time to time, on which the services are represented, and which looks after securing proper accommodation for the burial of those who will be interred in Canada.

Mr. BROOKS: That will be connected up with this department, will it? At the present time it is under the Department of National Defence. I understand that in future this new department will look after the matter.

Mr. MACKENZIE (Vancouver Centre): No; but we have an association with that commission.

Mr. ADAMSON: We are rapidly approaching the time when we shall have a large number of veteran warriors in Canada who will not be able to undertake regular work. In many instances they will not have dependents to look after them. In other instances it would be unfair to expect the dependents to look after those men, who have served their country so well. As is well known, there is in England the Royal Hospital at Chelsea. The Chelsea pensioners are well known, both in peace-time and war-time London. It occurs to me that in years to come we must give some consideration to finding a location for the old veterans who cannot be left—as they are in many cases—as a burden upon their children or their dependents. The minister might give consideration to the establishment of such an institution, whereby these old veterans could be looked after and could maintain their self-respect, in the same way as have the veterans at the Royal Hospital in Chelsea.

Mr. MACKENZIE (Vancouver Centre): I entirely agree with the hon. member in what he has said respecting homes for old soldiers. We have two of them now, one at Toronto and the other at Vancouver. I wish hon. members could see what is done in the one at Vancouver. I know that those men received good care—the very finest treatment in the world. It is my hope that these homes may be extended across Canada. We should have possibly two in every province. If hon. members could see the work done in these homes they would be tremendously impressed.

In connection with handicapped veterans, we are cooperating with the amputation society and the institute for the blind. They have specialists who act as placement officers on our behalf, and they see that these men are properly adjusted into civil life. Generally speaking these handicapped cases prefer being absorbed into industry rather than being placed together at any central point. The work that is done by amputation cases is nothing short of amazing. Their courage is wonderful, and what they are able to do industrially is almost startling. Possibly the keynote of accommodation of this kind is found in what I have said. There might, first, be accommodation for old soldiers—but not necessarily for the purpose of sheltered employment. Then, secondly, there would be absorption into industry of men with disabilities but who are anxious to do industrial work.

Mr. ADAMSON: That is a scheme similar to the one I described on Friday, as it applies in California.

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. ADAMSON: What machinery have we? Do industries cooperate?

Mr. MACKENZIE (Vancouver Centre): Yes, they do.

Mr. ADAMSON: Is there a pool or clearing house? For instance, what happens to a man with a single amputation, or to one with a double amputation?

Mr. MACKENZIE (Vancouver Centre): We have a special officer in each hospital under our jurisdiction in Canada to handle cases of that kind, and have them properly placed.

Mr. ADAMSON: And do industries cooperate?

Mr. MACKENZIE (Vancouver Centre): Yes, a hundred per cent.

Mr. ADAMSON: With the officers?

Mr. MACKENZIE (Vancouver Centre): Yes, the cooperation of industry has been magnificent in the last two or three years.

Mr. JACKMAN: Paragraph (i) deals among other things with free transportation. It has been brought to my attention that this free transportation should be extended to the immediate dependents of the veterans. Would the minister give consideration to the matter? —because this paragraph mentions free transportation to those who have suffered certain disabilities.

Mr. MACKENZIE (Vancouver Centre): It is only for the escorts of those who are totally blind or totally incapacitated. A man's wife might be acting in that capacity.

Mr. JACKMAN: She would be acting as an escort, but I am thinking of the case where it is necessary to move a disabled veteran from one section of the country to another. It would also be necessary to move his family; should not the transportation expenses be provided?

Mr. MACKENZIE (Vancouver Centre): We do not do that now, but it is something that might be considered.

Mr. JACKMAN: I understand that there are cases of hardship in that connection.

Mr. STIRLING: The minister has referred more than once to orders in council which will take care of certain situations until the amending of the Pension Act. Under what act are those orders in council passed?

Mr. MACKENZIE (Vancouver Centre): They would be passed under the War Measures Act. Some day when the war is over there will have to be a complete consolidation of the Pension Act, so that the rights of these people can be permanently protected. They should not have to continue under the uncertainty of the War Measures Act.

Mr. BROOKS: Paragraph (j) is a very important one. I think it was in 1942 that a special committee on canteen funds was set up. That committee made a report, and I should like to ask the minister if any plans have been formulated to look after these canteen funds after the war, and whether those plans have the approval of the united services.

Mr. MACKENZIE (Vancouver Centre): In drafting bill No. 83 the officers felt that the reference to the administration and disposal of canteen funds should be taken out of the section and placed separately, inasmuch as the matter was not one subject to an appropriation of parliament. The only reason for continuing it in the new bill is that the Canteen Funds Act, chapter 34 of the statutes of 1925 and the Canteen Funds (Canada) Act, chapter 14 of the statutes of 1928, contain the provision that a report shall be made at the end of each year to the minister of soldiers' civil reestablishment—now the Minister of Pensions and National Health—by the provincial boards of trustees and by any other bodies or organizations to whom allotment has been made, under the acts, or organizations to whom allotment has been made setting forth the work accomplished during the preceding twelve months, the amount expended and the balance in hand.

Inasmuch as this provision was placed in the Department of Pensions and National Health account, even after the canteen funds arising from the great war had been disposed of by the acts of 1925 and 1928, it was decided to retain the clause in this bill, but the action was not taken with any view to having any canteen funds arising from the present war necessarily administered by the minister of veterans' affairs. I recall the report of the committee but I do not think they recommended that any immediate action should be taken. The advice that I received from my officers was rather against taking immediate action before the termination of hostilities.

Mr. BROOKS: I think that is correct.

Mr. BLACKMORE: Could the minister give us a general idea of what the canteen funds from the last war were used for?

Mr. MACKENZIE (Vancouver Centre): Allotments were made to the various provinces, I believe on the basis of enlistments. If I recall correctly, committees were set up. I know in British Columbia the committee was made up of three returned soldiers who administered the funds and used them for cases of hardship among old soldiers. I believe the funds were all exhausted some years ago. My hon. friend will recall that in one province there was unfortunately maladministration of the canteen funds, but with that one exception the administration has been constructive and helpful, generally speaking, in assisting cases of hardship and distress.

Mr. BLACKMORE: Who set up the committees?

Mr. MACKENZIE (Vancouver Centre): The provincial governments.

Mr. BLACKMORE: Was that done with the advice of the soldiers' organizations?

Mr. MACKENZIE (Vancouver Centre): I cannot speak for the other provinces, but I know in my own province the soldiers' organizations were consulted by the provincial government.

Mr. BROOKS: The special committee suggested that the disposal of canteen funds remaining from the war, either from profits or from the salvage of stock and equipment, required intensive study before any policy could be laid down. I assume that the minister intends to wait until some definite decision has been made.

Mr. MACKENZIE (Vancouver Centre): That is right.

Mr. SENN: Am I right in assuming that the Veterans' Land Act and the Soldier Settlement Act come under the provisions of this bill?

Mr. MACKENZIE (Vancouver Centre): That is correct.

Mr. SENN: Paragraph (l) reads:

For the purpose of carrying out the provisions of this act with respect to any matter placed under the control and management of the minister.

Why could it not read, for the purpose of carrying out the provisions of these other acts?

Mr. MACKENZIE (Vancouver Centre): I think section 9 will answer that question.

Mr. ROSS (St. Paul's): Referring to subsection 2, on Thursday last the hon. member for Comox-Alberni suggested that these regulations should be published.

Mr. MACKENZIE (Vancouver Centre): I was just going to suggest an amendment, as follows:

That subclause 2 of clause 7 (now clause 6) be deleted and the following substituted therefor:

"(2) Such regulations shall forthwith, after approval by the governor in council, be published in the *Canada Gazette* and laid before parliament within fifteen days after they are made if parliament is then sitting, and, if not, then within fifteen days after the commencement of the next ensuing session thereof."

Mr. McLARTY: I move accordingly.

Amendment agreed to.

Mr. MACKENZIE (Vancouver Centre): On Friday I moved that section 6 of the existing bill be deleted but there is no record in *Hansard*. Perhaps I had better make a formal motion now.

The CHAIRMAN: It was passed.

Section 7 (renumbered 6) as amended agreed to.

Sections 7 to 11 inclusive (as renumbered) agreed to.

Bill reported.

SURPLUS CROWN ASSETS

PROVISION FOR CORPORATION AND ADVISORY COMMITTEE

The house resumed from Tuesday, June 13, consideration in committee of bill No. 137, respecting surplus crown assets—Mr. Howe.—Mr. Bradette in the chair.

Sections 11 to 16 inclusive agreed to.

On section 17—Accounting system.

Mr. ROSS (St. Paul's): Will all this information in connection with the corporation's dealings be made public? It seems to me that further on the report of the minister is limited, and the whole thing does not seem just to "add up." I am anxious to know whether we are to have a full report, or whether the report is to be dictated solely by the minister, without parliament having anything to say as to the information we should receive.

Mr. CHEVRIER: Section 18 provides for a report such as my hon. friend suggests, a report which must be made as soon as possible after the 31st day of March in each year, and in any event within three months, and tabled in parliament.

Mr. ROSS (St. Paul's): Yes, but I would point out that in the clause to which the parliamentary assistant refers the wording is that the corporation shall "submit an annual report to the minister in such form as he may prescribe and the minister shall lay the said report before parliament." I do not think parliament is interested in having merely the information which the minister may prescribe; it should be a report as laid down by the parliament of Canada.

Mr. CHEVRIER: If the hon. member will look at subsection 4 of the section we are discussing, he will see that "The accounts of the corporation shall be audited by the auditor general of Canada and the audited statements of such accounts shall be included in the corporation's annual report."

Mr. ROSS (St. Paul's): Yes, that is all very well; audited reports will be given to parliament, but we shall not get them until two years after the transactions have taken place.

That will be too late. What we want is a yearly report, really, before the auditor general gets it.

Mr. CHEVRIER: I can think of no greater protection than the two sections to which I have referred: section 18, which we have not reached yet, and section 17, subsection 4, which I think answers the hon. gentleman's objection.

Mr. ROSS (St. Paul's): Then I will have a suggestion to make when we come to the next clause.

Mr. HANSELL: With respect to this section 18—

The CHAIRMAN: We are still on section 17.

Mr. DIEFENBAKER: Mr. Chairman, this has gone rather fast. The minister was not even here in time, since the bill has been proceeded with so quickly. There are some references which I should like to make; and while I dislike having to suggest it, I wish to refer, with the leave of the committee and your permission, to some of the sections which have been passed.

Mr. MacNICOL: Without any discussion.

Mr. DIEFENBAKER: If I may now make some references to those sections, I should like to do so.

Mr. CHEVRIER: May I suggest to the hon. member that he could make his remarks on section 23, which is a sort of all-inclusive clause. However, if he wants to make them now I do not think there is any objection.

Mr. DIEFENBAKER: It is immaterial. The suggestion of the parliamentary assistant is acceptable to me.

Section agreed to.

On section 18—Annual report.

Mr. ROSS (St. Paul's): I suggest that the wording of this section be altered to require the corporation to submit an annual report to the minister in such form as "the parliament of Canada" may prescribe and the minister shall lay the said report before parliament. I do not think the minister should have the power to prescribe the report; that power should belong to parliament.

Hon. C. D. HOWE (Minister of Munitions and Supply): I ask the hon. member to state exactly the machinery which parliament would use in specifying the kind of report it wanted. There is no great objection to his proposal, but I hardly see how it would be practical.

Mr. ROSS (St. Paul's): The only thing I have in mind is this, that often in days gone by, when members of parliament asked questions, we were told, "It is not in the public interest that this information be disclosed." I do not think it should be within the sole discretion of the minister as to what shall and what shall not be reported.

Mr. HOWE: I may say, as I stated earlier in the debate, that the operations of this company will be carried on as in a goldfish bowl, with full disclosure of every transaction. I can assure the hon. member that any question which any hon. member may care to ask about the operations of the company will be answered in full by the government.

Mr. DIEFENBAKER: I am glad to find that the minister has reached the point where he is actually going to answer in parliament when questions are asked. Everything is to be wide open and answers are to be given. It was because of a tendency that he has adopted in so many cases in the past of refusing parliament information that I scanned this bill carefully. The minister says that the intention is now to have all these transactions under this legislation follow the principle of the goldfish bowl. That is most commendable. Furthermore, he says that he is going to answer for the transactions that take place and give full information. That certainly is an advance, a statement far beyond anything that has characterized the minister's attitude heretofore. It is only four or five weeks ago that I asked a question in this house as to the price of coal per ton sold to the Dundurn camp and the answer given was that it was not considered in the public interest to give unit prices. Very often members have received the answer that it is not in the public interest to furnish information, and it is natural therefore that we should go through the bill and scrutinize it carefully to assure that parliament shall insist on a full accounting.

As to the necessity for this legislation, we on this side of the house accept as a fact that it is necessary, in other words, that a War Assets Corporation should be set up. But we do decry the method whereby this corporation is being set up, for in effect it constitutes a body appointed by and responsible to the minister. I point out first that under section 10, subsection 2, the War Assets Corporation:

> . . . shall consist of a board of not less than six directors appointed by the minister with the approval of the governor in council.

To show the powers of the corporation, section 11 says:

The board, with the approval of the minister, shall designate one of the directors to be the president and one of the directors to be the vice-president of the corporation.

And section 12 says:

Subject to general or specific instructions given by the minister the corporation may, when so directed by the minister, (a) sell, exchange, lease, lend or otherwise dispose of or deal with surplus crown assets either gratuitously or for a consideration and upon such terms and subject to such conditions as the board may consider desirable.

In other words, this board, purporting to be an independent board carrying out the activities prescribed by the legislation, is in fact an automaton under the control of the minister. It will have no extensive authority unless it has the approval of the minister.

Let me pass on to section 17:

The corporation shall establish and maintain an accounting system satisfactory to the minister.

Then subsection 4:

The accounts of the corporation shall be audited by the auditor general of Canada and the audited statements of such accounts shall be included in the corporation's annual report.

I pause here to mention that the auditor general's audit, however, would not carry detailed references to transactions; it would deal with amounts without dealing with individual transactions. Then section 18 says:

The corporation shall . . . submit an annual report to the minister in such form as he may prescribe and the minister shall lay the said report before parliament.

However good the intentions of our present minister may be in regard to giving full answers to parliament, under this bill, parliament having abdicated its rights, could properly be refused any detailed information with regard to the transactions. In fact, looking over this bill and taking it in conjunction with the Aeronautics Act, I see a trend which I believe is dangerous, and the abdication, by legislation passed by parliament, of parliament's right to full information. People want to know that this legislation will be administered fairly, definitely and openly or, so that all who run may read.

We believe that the principles under which this measure should be administered—and they represent the attitude taken by the government of the United States—are that sales should be made as early as possible without disrupting normal trade; that there should be no sales or rentals of crown property to speculators and certainly none to promoters; that sales should be made in the goldfish bowl manner, with records always available to public inspection. Furthermore, in the disposal of these assets the public should be so protected that the assets shall not fall into the possession of monopolies, and all businesses should have equal access to the surplus.

I believe, too, that in order to protect the rights of the people of Canada in some four billion dollars worth of assets there should be a representative of the Department of Justice on the board. In fact, I think this is one board upon which either the Minister of Justice or the deputy minister of justice should be a member so as to prevent monopoly in the disposal of these assets.

As I look over this bill, full as it is of loopholes, I think it should be submitted again to a committee for changes to be recommended. As a nation we have accepted bureaucracy in war time. This measure has to do with the activities of a government corporation to operate in peace tme, and as at present constituted it does not provide for control by parliament. It purports to do so in the letter of the law, but according to any strict interpretation, if at any time within the next three or four or five years any member of the house rises in his place and asks how a particular plant was disposed of, what was done with a certain surplus, the answer that the minister can give, if this measure is passed, may be that all the information he is required to place before parliament is the annual report of the corporation and no more, and in any event that as he is not a member of the corporation, the informaton asked for is not available. Before we grant power to the minister to take such a stand I feel that this committee and the country should realize the purport of the legislation as it now stands.

As I look over this bill and examine it together with the aeronautics bill I believe I can safely say that these two bills are deliberately or unintentionally colliding head-on with parliamentary and responsible government. We have accepted bureaucracy for the period of the war. This bill shows that bureaucracy is to be continued in time of peace. I believe that the time has come when parliament must limit and check government in manifestations such as these that indicate a trend toward the exercise by government corporations of unlimited power and a failure to recognize their responsibility to parliament. The minister says to-day: "I will furnish the information at any time." The bill does not indicate that some subsequent minister not so well-intentioned as the Minister of Munitions and

Supply would do the same thing. Put in its simplest form this bill permits of the establishment by parliament of a corporation designated by the minister responsible not to parliament but to the minister, with the minister in the position of being able to say, when questioned in parliament, that what was done was done by a corporation and that he had no knowledge of what that corporation had done.

I suggest that this bill as it now stands requires that certain further provisions be added to it to curtail the powers of this corporation, to require it to account to parliament, and to permit and to demand in fact, that this corporation shall make a report to parliament fully setting out in detail each and every transaction. If the minister is prepared to accept a suggestion I would say that any objection to this bill can be removed by making provision in section 18 whereby in the annual report that is laid before parliament full details shall be given of all transactions that have taken place during the year being reported. If the minister will accept that suggestion then I feel the other objections I have raised will not be as tenable as they otherwise are.

What the members of this committee want is to control the activities of corporations that are nominated by the minister to the end that the people of Canada shall be assured that in the administration of the disposal of billions of dollars' worth of assets, the property of this dominion, proper principles shall be followed and that preference shall not be given by the corporation in favour of anyone; that the largest possible returns shall be insisted upon and that the War Assets Corporation shall not be vested with absolute power by reason of parliament abdicating the right to demand a full and proper accounting.

Mr. HOWE: I stated a few moments ago that it would be the policy of the government to make full disclosure with regard to any and all transactions of the corporation being created by the bill that is now being considered by this committee. My hon. friend stated that he doubted whether a full disclosure was to be made because the department had refused to give the unit prices for the purchase of coal at Dundurn camp. May I point out to my hon. friend that the difference in the two transactions is that the government is a buyer of coal. It buys coal by open tender. The objection to giving the prices is that the prices could be of no value to a member of parliament, but they could be of great value to another coal dealer. The Department of Munitions and Supply is a buyer of a vast number of things, and has adopted the policy of not disclosing tenders. That I think has saved the government money. Any coal dealer who desires to obtain the Dundurn contract must sharpen his pencil and put in the lowest price that he can possibly put together. If he does that he has a chance of getting the business. If the unit prices of the lowest tender were disclosed, they would be a guide to any dealer, and the chances are that that dealer would not sharpen his pencil as much as he would if he did not know the objective he was trying to reach. That is the difference between the government as a buyer and the government as a seller. As a seller the government should gladly make known its prices, because there the position is that the government desires to get the highest possible price for its equipment and there is everything to be gained from disclosure, whereas nothing is to be gained by disclosure where the government is a buyer.

The hon. gentleman objected to the responsibilities imposed upon the minister. At that stage I thought he was making a speech in favour of bureaucracy, for he seemed to object to the minister setting the policy of the corporation, and to the provision that all transactions should be made either by direction of the minister or with his approval. The latter, of course, is parliamentary responsibility. A corporation cannot be responsible to parliament; there is no machinery for that, except through a minister of the crown. Under this bill the minister must keep himself advised of all major transactions and must direct the selling policy of the corporation. The minister sits in parliament and is subject to questioning by parliament. Under the terms of this bill he can never fall back on the answer that the corporation is not directly answerable to parliament through him. I believe that is made clear in the bill, and I think those who read the bill will agree that is does not set out to establish a bureaucracy. Then my hon. friend said that the bill followed the United States practice, but I think he has the sequence wrong there.

Mr. DIEFENBAKER: I never made any such statement.

Mr. HOWE: I understood the hon. gentleman to say that this bill followed the United States practice.

Mr. DIEFENBAKER: I never did; it is quite a different thing.

Mr. HOWE: Then I will simply say that the Canadian practice was established before the United States practice. Those responsible

in the United States visited Canada and discussed with us the system that had been established here. We felt rather complimented when the practice established in the United States followed so closely the practice that had been established in Canada previously.

Then the hon. gentleman denounced the bill as another example of bureaucracy. As I said before, the bill is drafted with the thought that bureaucracy will not be in control. A great many technical problems are involved in handling the multiplicity of items that will be included in the requirements surplus to the needs of the Canadian government, and the purpose of the corporation is to combine a number of talents and experiences in the directorate of the corporation, which will be a guiding force to the corporation and the minister in working out the various problems involved. The personnel of the corporation covers a wide field of activity, including labour, farming, merchandising, real estate, mining and a number of special types of knowledge. We believe that gathering together experienced men as directors of the corporation and giving them responsibility under the minister will ensure that the best possible advice will be brought to bear on the problems that will confront the corporation. The hon. gentleman suggested that a representative of the Department of Justice should be added to the board. Certainly we would have no objection to that, but the Department of Justice drafted the bill, and I am sure that if they felt they should be represented on the board, provision would have been made accordingly. The corporation will retain legal counsel, possibly an officer of the Department of Justice or possibly private counsel, and will take such precautions as are common with business men to make sure that its transactions comply with all legal requirements. I see no reason why the bill should not be passed. It has been thoroughly considered and discussed in this committee, and I think the consensus is that it is well designed to carry out its purpose.

Mr. MacNICOL: Has the United States liquidating agency finally been set up, with all powers and regulations?

Mr. HOWE: I am not sure whether the legislation has been finally approved. The agency is functioning now; Mr. Will Clayton occupies the position in the United States that Mr. J. B. Carswell holds in Canada.

Mr. MacNICOL: And they are in conference occasionally?

Mr. HOWE: Yes; but I cannot say whether or not the legislation in the United States is complete.

Mr. MacNICOL: Then the minister would not know whether the regulations of the United States liquidating agency call for the submission to congress of the accounts and all the various acts of liquidation?

Mr. HOWE: I cannot say as to that. The term "all transactions" is rather difficult to follow. There would be a great many buyers of these materials, probably many thousands of buyers, and I cannot say just what break-down would be required to give a statement of all transactions. If a lot of goods, such as blankets, for example, were sold to a great many buyers, I do not know whether the report of each individual transaction would be important. If they were all sold at the same price I presume one report of the transaction would be sufficient. I hardly think we can be more specific than the statement in the bill, which will bring about the desired result.

Mr. MacNICOL: I have not looked at any particular section of the bill in reference to this question, but does it contain provision for submitting to parliament all the transactions carried on by the corporation we propose to set up?

Mr. HOWE: It calls for a report to parliament in such form as the minister may prescribe, and it would be my thought that this would be a complete report; perhaps not of every individual transaction, but certainly a report showing the nature of every transaction.

Mr. MacNICOL: In the report of the meeting of the United States chamber of commerce at Washington in 1943, the statement in reference to a United States liquidating agency contains this sentence:

> This liquidation agency should be placed in operation as soon as possible, and should be accountable to congress. Only in this way will there be sufficient precaution against repetition of mistakes made after world war one.

I am inclined to agree with that statement. That is one provision in our legislation which I do not like; the minister has overwhelming control, and apparently under the bill a report to him would be sufficient. That does not seem to be in line with the consensus of the United States chamber of commerce, which asked that the liquidating agency should be accountable to congress.

Mr. HOWE: The report to the minister, to be tabled in parliament, is a report to parliament, so far as I know. I know of no other machinery for making a report to parliament.

Mr. FRASER (Peterborough West): The minister mentioned the sale of blankets to a

number of firms. Would it not be the intention of this corporation to sell to as many people as possible, instead of to one or two individuals?

Mr. HOWE: Yes.

Mr. HANSELL: With respect to this section, which deals with the annual report to parliament, it appears to me that this is the usual section which one finds in legislation of this kind. So far as I am concerned, I do not think it amounts to very much. The procedure is that a report is placed upon the table of parliament by the minister responsible. The fact of the matter is, however, that the report is never opened for discussion, unless at some future time an opportunity may be afforded when some other item is under discussion.

We have a number of government corporations or institutions. Sometimes they are called arms of government. Sometimes they are described as government corporations, and sometimes as institutions. These various institutions make reports to parliament, and have in their acts sections such as the one now before us. The Canadian National Railways is a government organization, and reports to parliament. Its report is placed upon the table of the house. In respect of that institution a special committee of parliament scrutinizes very carefully its operations.

Then we have the Canadian Broadcasting Corporation, another government institution. While there is no standing committee on radio broadcasting, radio has grown to a place in Canadian life where it has been found advisable to have a special committee to deal with the annual report of that corporation.

We have another institution known as the Bank of Canada, which lays its reports upon the table, through the appropriate minister. But when is that report discussed by parliament? It is never discussed. It is all very well for the minister to say, "There is an opportunity to discuss it when the budget is under consideration." I say we cannot scrutinize a report in that way. I mention the report of the Bank of Canada, because I believe the same thing would happen under the section now before us. When was the last report of the Bank of Canada scrutinized by parliament? It has not been scrutinized.

Here is another government corporation about to be set up. Its report will be made through the appropriate minister. I agree with the hon. member for Lake Centre that the report should contain everything possible in respect of the company's operations. Even if it does that, still I say the provision is not wide enough. Parliament will not be able to scrutinize the report. True, one may put a few questions on the order paper; but that is not discussing a report.

I say that the only sensible way to do this is to have a special committee of parliament charged with the responsibility of scrutinizing the annual report of this company. If we wish to include further terms of reference, and permit the committee to look after several such corporations, all well and good. But to my mind that is the only way it can be done.

The standing committee would make its report to parliament on the basis of its findings. Concurrence would be moved, and a discussion could take place. To my mind that is the only sensible procedure. I do not know that a provision of that kind could be put in this legislation, or that we could add anything to this section which would set up a committee. I suggest, however, that the government should bring down the appropriate legislation having for its purpose the setting up of a standing committee for the purpose of scrutinizing the activities of corporations of this kind. That would be my suggestion for the solution of this matter.

Mr. DIEFENBAKER: There was one question the minister did not meet when he replied to me, namely, whether he would consent to an amendment to section 18 whereby parliament would be assured of full information. At the present time, as the section now stands, parliament is not assured of that degree of information to which it is entitled. War Assets Corporation is to be the greatest corporation in Canada, administering property of the people of Canada to a value of four billions of dollars. The people expect us to assure them of something more than is provided for under section 10 (6), which states that the corporation shall be responsible to, and be subject to the direction and control of the minister. It must be made responsible to parliament.

What is the position under the section as it is now drafted? The corporation set up by parliament, and appointed and directed by the minister, shall submit an annual report to the minister in such form as he may prescribe. Let us suppose that the corporation might render a report condemnatory of certain proceedings, or a report which contained information which the minister might feel might not wisely be brought before parliament and the country. Would parliament receive that report? It would not, if the section remains as it now is; because the report which comes before parliament from the corporation set up by the minister, and responsible to him, will contain only those things which the minister himself prescribes.

Human nature being what it is, one can well understand that the prescription would not consist in having placed before parliament and the country such information as the minister might feel might not be in the interests of either himself or the department presided over by him.

I asked the minister the simple question as to whether he would consent to an amendment which would assure parliament and the country of full information and that the minister did not answer. He said that the design and purpose of this bill was to assure that bureaucracy should not be in control. Bureaucracy is in control when its actions are not subject to the direct control and scrutiny of parliament. I therefore move:

That all the words after "report" in line 36 of section 18 be struck out and the following substituted therefor:

"to parliament which shall contain full particulars of each sale, disposal or other transaction completed by the said corporation and that said report shall forthwith be referred to the public accounts committee."

The section would then read:

The corporation shall, as soon as possible after the thirty-first day of March in each year, and in any event within three months thereof, submit an annual report to parliament which shall contain full particulars of each sale, disposal or other transaction completed by the said corporation and that said report shall forthwith be referred to the public accounts committee.

Mr. HOWE: There is some objection to the form of the amendment. All boards report to the minister and through the minister to parliament, as is provided in this bill. It is not customary for a board to by-pass the minister and report direct to parliament. Committees of both houses sometimes do that, but it is not customary for a board to handle business in that way. It is suggested that the report be referred to the public accounts committee, but the purpose traditionally of that committee is to investigate wrongdoing.

Mr. HANSON (York-Sunbury): No.

Mr. HOWE: That would be practically placing an open charge.

Mr. GRAYDON: I think the minister will recall that last year I asked that the public accounts and the auditor general's report should be submitted automatically each year to the public accounts committee. That suggestion was accepted by the Prime Minister and the report and the public accounts were submitted to the committee. This year the Prime Minister, acting on behalf of the government, referred the auditor general's report and the public accounts of Canada to the committee and suggested that from now on that would be done automatically. There was no suggestion of making charges of wrongdoing. The minister will find that the public accounts committee has met from time to time to go over the auditor general's report and the public accounts.

Mr. HOWE: It is true that the public accounts committee examines the auditor general's report and the public accounts. When this report is presented to parliament, any member may move that it be referred to any standing or special committee. I am anxious to meet the wishes of hon. members in any reasonable suggestions they may make, and I have written down the amendment I would suggest. It reads:

That all the words after the word "thereof" in the third last line of the section shall be deleted and the following substituted therefor:

"submit an annual report to the minister in such form as the auditor general may prescribe, containing in reasonable detail particulars of surplus crown assets, sold or otherwise disposed of during the accounting period, and the minister shall lay the said report before parliament."

Mr. GRAYDON: Has the minister the opinion of the Department of Justice on the form of the amendment?

Mr. HANSON (York-Sunbury): That is a very innocuous amendment.

Mr. HOWE: My hon. friend is all for parliament and against the minister having responsibility. That is a new kind of British administration. He wants to change the entire British parliamentary practice in this particular bill.

Mr. HANSON (York-Sunbury): I think I know as much about parliamentary practice as the minister. We ought to have the balance sheets.

Mr. HOWE: The report would give the balance sheets.

Mr. DIEFENBAKER: Does the minister intend that the section will still retain the words "and the minister shall lay the said report before parliament"?

Mr. HOWE: Oh, yes, I intended that.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN: I understand that the parliamentary assistant has a subamendment to move to the amendment of the hon. member for Lake Centre.

Mr. CHEVRIER: I have given some thought during the recess to the amendment moved by the hon. member for Lake Centre, and my contention is that the amendment, in the last part thereof, is out of order. The amendment as I have it would strike out in line 36, section 18, certain words and substitute therefor the following:

. . . submit an annual report to parliament which shall contain full particulars of each sale, disposal or other transaction completed by the said corporation and that said report shall forthwith be referred to the public accounts committee.

It is the latter part of the amendment which, I submit, is not in order.

Mr. MacNICOL: What part?

Mr. CHEVRIER: That part which would refer it to the public accounts committee. My authority for that is citation 679 of Beauchesne, third edition, clause (a), which reads:

Amendments are out of order if they are
(a) irrelevant to the bill, or beyond its scope, governed by or dependent upon amendments already negatived.

I submit, Mr. Chairman, that while the first part of this amendment is in order, the latter part offends against the words in citation 679, "beyond its scope." It is the practice in this house at the beginning of each session to set up standing committees and by special motion to set up the public accounts committee, to which are referred by this house certain matters from time to time; and to include in a motion amending a section of a bill that the latter be referred to the public accounts committee is, I submit, not in order.

I wish at the same time to refer to citation 528 of Beauchesne, third edition, the fourth and fifth paragraphs, which read as follows:

The motion for the appointment of the special committee to prepare the lists of the standing committees is made as soon as the speech from the throne has been reported by the Speaker on the return of the house from the senate.

This committee reports the selection of the standing committees without delay and the report is generally adopted immediately after its presentation.

This is the relevant portion of the citation:

It is then moved that the said standing committees be severally empowered to examine and enquire into all such matters and things as may be referred to them by the house, and to report from time to time their observations and opinions thereon with power to send for persons, papers and records.

If we were to include the latter part of the hon. gentleman's amendment, I submit, with deference, that this house would be tying the hands of any future parliament or session of parliament with reference to this particular report. On the construction of citation 679, read concurrently with citation 528, I submit that the latter part of this amendment is out of order.

[The Chairman.]

Mr. GRAYDON: I have listened with some degree of intentness to the argument which has been advanced by the parliamentary assistant to the minister, but for reasons which I shall now attempt to describe, I have not been greatly impressed with it. First, he speaks of the tying of another parliament's hands. If this were to be accepted as a logical argument, of course it could be applied to any single item of the bill which is now under discussion. No parliament is bound by the decisions of a previous parliament, because legislation passed by one parliament may be, and frequently is, amended by another. The point raised by the parliamentary assistant seems to me an ingenious method of attempting to rule out an amendment which has as its aim to give parliament some supervision and some powers of inquiry and investigation with resepct to the matters under review.

The difficulty which most hon. members, I think, find in section 18 as it stands is that the report is almost entirely in the hands of the minister, and that of course is what the hon. member for Lake Centre is attempting to obviate. In order that members of the committee may refresh their memory of the wording of the section, I will read it:

The corporation shall, as soon as possible after the thirty-first day of March in each year, and in any event within three months thereof, submit an annual report to the minister in such form as he may prescribe—

I ask the committee to consider carefully the purport and ramifications of the words "in such form as he may prescribe".

—and the minister shall lay the said report before parliament.

That section as drawn is capable of interpretations which, I believe, would render null and void the effect which this parliament desires to give to the corporation and to the report, because if the minister is to prescribe the kind of report which is to be made to him, the question arises as to what is the use of making a report to the minister in that form.

As the hon. member for Lake Centre very properly pointed out, we are not dealing just with this minister. This ministry is a continuing thing, and this minister may not be the minister—as has been pointed out, probably will not be the minister—by whom the report will be presented to parliament. For that reason the section should be strengthened to give protection to parliament and the public, because as the section now stands there is

nothing to prevent the minister from prescribing any kind of report he likes. It might contain only three or four paragraphs; it might give little or no particulars; and with these possibilities in mind we should not give the minister the powers which are here provided.

Mr. CHEVRIER: May I interrupt the hon. member for a moment? He is, of course, aware that before the committee rose at six o'clock the minister suggested that he was prepared to amend that portion of the latter part of section 18 so that the auditor general might prescribe further details of sales made by the corporation.

Mr. GRAYDON: The parliamentary assistant has not yet made it clear to us whether he intends to move such an amendment.

Mr. CHEVRIER: Yes, I intend to move this amendment after the amendment of the hon. member for Lake Centre has been disposed of. But my contention is that the latter part of the hon. member's amendment is not consistent with the bill and is out of order. However, so that there will be no misunderstanding, it is my intention to move this amendment, a copy of which I shall be glad to let my hon. friend see.

Mr. GRAYDON: Perhaps the parliamentary assistant would give the terms of the amendment now before moving it so that we might be in a position to know just where we stand in the matter.

Mr. CHEVRIER: I think the committee should dispose of the hon. gentleman's amendment first.

Mr. GRAYDON: I have no objection to the parlimentary assistant taking that position, but he cannot have it both ways. I am asking him a question with respect to the only clause that is now before the committee. I do not know what he proposes apart from the suggestion that was thrown out by the minister before six o'clock, which the parliamentary assistant and he both said would be considered in the meantime.

Mr. MACKENZIE (Vancouver Centre): If the parliamentary assistant will read the suggested amendment perhaps the hon. member for Lake Centre (Mr. Diefenbaker) may be disposed to accept it.

Mr. GRAYDON: I suggest that he read it.

Mr. CHEVRIER: The amendment I have would read:

That section 18 be amended by striking out the words:

"submit an annual report to the minister in such form as he may prescribe and the minister shall lay the said report before parliament",

appearing in the last three lines thereof and by substituting in place thereof:

"submit an annual report to the minister in such form as the auditor general may prescribe, containing in reasonable detail particulars of surplus crown assets, sold or otherwise disposed of during the accounting period, and the minister shall lay the said report before parliament.

That is in exactly the same words as the minister read to the committee before the six o'clock recess.

Mr. GRAYDON: Is there any objection to the inclusion of the further protection that the report shall be referred to a parliamentary committee. Listening to my hon. friend's argument a moment ago, I was not able to see his point with regard to reference to a parliamentary committee. I know of no reason why this cannot be done. The citations he gave were not strictly to the point. He took certain parts which he then applied to this question to show that the suggestion was out of order. I was unable to follow that, because I am quite certain that an appropriate standing committee of the house could consider the matter. This parliament has a right, I contend, to submit to another parliament any statute, as we have suggested here.

Mr. MACKENZIE (Vancouver Centre): I support the point taken by the parliamentary assistant. I suggest that from the point of view of appropriateness, next year you might have an entirely different parliament and a different public accounts committee, and here you are embodying in a statute a direction to have certain matters referred to a committee which is not set up. It is not a committee of this year but will be a committee next year, whatever the parliament, or whatever the public accounts committee at that time may be. The practice of this parliament has always been to have a specific motion to refer specific matters to the public accounts committee or to any other standing committee, and that is the proper procedure. Here by way of amendment in a specific statute it is proposed that something shall be referred to a committee. The house is supreme and it is the house that refers these matters to the public accounts committee. Here is a parliament which is possibly in its last session directing a new parliament in a manner of this kind, directing the public accounts committee of a new parliament in a matter that should be within the supreme authority of that parliament, to have that matter referred to the public accounts committee if it so chooses. As a matter of procedure, it is obvious that it is entirely unnecessary to do as is suggested, because the house is seized of its own powers, and the house next year can take immediate action on the first report submitted by the corporation. By its

own supreme judgment the house can then refer reasonable details to the public accounts committee. I am appealing to the common sense of the house and asking hon. members if that is not the proper procedure to adopt.

Mr. GRAYDON: So far as the reference of this matter to the public accounts committee is concerned, our objective ought to be well known to this committee. We do not want to have this report simply lie on the table of the house. Having been once reported to the house—

An hon. MEMBER: That will be the time to deal with it.

Mr. GRAYDON: We know what is happening in connection with many reports, and so does the minister. As the hon. member for Macleod (Mr. Hansell) has well pointed out, these reports simply lie on the table and are never dealt with. For that reason, unless the government so decides—

An hon. MEMBER: Not the government.

Mr. GRAYDON: Well, that is what it amounts to, because the government has a majority of the members behind it and nothing can be done in the House of Commons unless the government supporters agree. The result is that the report may lie on the table and be never investigated. We are trying, however, to incorporate some sort of directive in the bill to ensure that a committee shall have an opportunity of going into the matter. More than that, we do not want to have it dealt with by a committee such as the war expenditures committee, if you like, because if you leave it to that committee, the minister knows what the temptation will be; the whole thing will be sent to the war expenditures committee and I ask hon. members what will happen then. It is for that reason that we desire to see to it that the activities of this corporation shall be submitted to a committee where the light of day will be let in and there will be a public inquiry. That is our objective and that is what we are pressing for. For that reason the amendment was worded as it was.

Mr. HOWE: My hon. friend must have precedents for this action. Can he tell me of one piece of legislation in the whole history of the Canadian parliament that provides that a report shall be automatically submitted to a committee?

Mr. GRAYDON: The minister, with all his constitutional precedents, is a new-found convert to parliamentary procedure, and if he expects that I am going to dig up all the statutes in a few minutes he is proposing something rather onerous. The parliamentary assistant has not taken that attitude. He has pointed out what is the normal course, in his opinion, namely, that the rules prevent this sort of amendment being moved. I must ask the minister not to attempt to put me on the witness stand just yet. If he subpœnas me on some occasion I shall be glad to give evidence.

The CHAIRMAN: On the point of order, this is a bill. It is not like an ordinary resolution. I have listened fairly attentively to the arguments advanced pro and con on the second amendment. The parliamentary assistant (Mr. Chevrier) has referred to citation 679, subsection (a), on page 233 of the third edition of Beauchesne's:

(a) irrelevant to the bill, or beyond its scope. . . .

There is no doubt that the first part of the amendment is relevant to the bill. As to whether it is beyond its scope, the parliamentary assistant made an argument in which he cited paragraph 4 of citation 528 at page 194 of the same edition of Beauchesne. Of course, this being a bill, the committee certainly has a right to make its own amendments, which may eventually become law. In the circumstances I feel that the first amendment is in order. The question is on the amendment moved by the hon. member for Stormont.

Mr. CHEVRIER: No.

Mr. GRAYDON: No.

The CHAIRMAN: There are two amendments.

Mr. CASSELMAN: There is only one before the committee.

Mr. CHEVRIER: There is only one before the committee. At the request of the hon. member for Peel I read an amendment which had been suggested by the minister before the committee rose.

The CHAIRMAN: The question is on the amendment moved by the hon. member for Lake Centre.

Amendment negatived: yeas 21; nays 57.

The CHAIRMAN: There is another amendment before the committee.

Some hon. MEMBERS: Not yet.

Mr. HOWE: My hon. friends opposite were rather insistent on the wording, but I do not

know why I should offer the substitute wording. However, we have no objection to doing so.

I move:

That section 18 be amended by striking out the words: "submit an annual report to the minister in such form as he may prescribe, and the minister shall lay the said report before parliament", appearing in the last three lines thereof, and by substituting in place thereof:

"Submit an annual report to the minister in such form as the auditor general may prescribe, containing in reasonable detail particulars of surplus crown assets, sold or otherwise disposed of during the accounting period, and the minister shall lay the said report before parliament."

Amendment agreed to.

Section as amended agreed to.

On section 19— Property and assets of War Assets Corporation Limited transferred to corporation.

Mr. MacNICOL: This section reads as follows:

The custody, administration and control of all property and assets belonging to His Majesty. . . .

And so on. If it becomes necessary after the war to dispose of the crown plant at Fort McMurray, will the new control board have complete power to dispose of that plant?

Mr. HOWE: The governor in council has the right to transfer to the corporation any crown asset that is declared surplus to the requirements of the government. My. hon. friend referred to the Abasand company at Fort McMurray?

Mr. MacNICOL: Yes.

Mr. HOWE: The government does not own that plant.

Mr. MacNICOL: Who owns it?

Mr. HOWE: It is owned by the corporation that has always owned it. My hon. friend knows that company very well; perhaps he will tell me the name of it.

Mr. MacNICOL: Now—

Mr. HOWE: The Abasand company.

Mr. MacNICOL: I certainly am at sea as to who does own it. If the minister says that the government does not own it, who owns it? It was taken over wholly from the Abasand company. I am not finding any fault with that at present, but the government has spent a lot of money on it and we may be asked to vote a lot more this year. Who owns it?

Mr. HOWE: The plant was taken over from the Abasand company with the consent of that company in order to permit the government to test out a process. Such changes have been made in the plant as are incidental to the testing out of the process. The test found that the process then in use was not suitable. Improvements have been made in the process, and the volume of the plant has been improved to such an extent as to permit large-sized samples being obtained. That work has been done at government expense. The government is entitled to the products of the operation for a period, and at the end of the period has the option of either buying the plant or returning it to its owners.

Mr. MacNICOL: This new crown company will have nothing to do with the disposal of the Abasand plant?

Mr. HOWE: That is right.

Mr. POULIOT: What legal firm has incorporated that crown company or will incorporate it?

Mr. HOWE: This bill incorporates the crown company and this bill was drawn by the Department of Justice.

Mr. POULIOT: No legal firm in Toronto will incorporate it?

Mr. HOWE: No.

Section agreed to.

Section 20 agreed to.

On section 21—Civil servants' status preserved under Civil Service Superannuation Act.

Mr. MacNICOL: I should like to ask a question on subsection 3 of section 21. This subsection refers to salaries. I realize that at the present time the War Assets Corporation would have to pay substantial salaries in order to obtain men capable of doing the work that is expected of them. I am not opposed to good salaries; in fact, I am in favour of them. I know a good deal about salaries at the moment. I know they are much higher now than they were before the war or may be after the war in private institutions. May the salaries that are now set for capable men who are to do a good job not be wholly out of line with the range of salaries after the war, or will the salaries now set continue after the war, or will they be subject to revision as salaries fluctuate up or down when the war is over?

Mr. HOWE: The corporation is only being formed now, and there are not many salaried employees. I think all present employees came from other branches of the department and the salaries they are obtaining at the moment are the salaries they obtained in the depart-

ment. I would remind my hon. friend that salaries as well as wages were frozen in the early stages of the war. They are not by any means excessive to-day.

Mr. HANSON (York-Sunbury): This corporation is now being set up and therefore the minister can set any salaries he likes.

Mr. MacNICOL: This is a brand new corporation and has not been in existence heretofore. As I said a while ago, I am not opposed to paying good salaries, but I would not want to see the country seven or eight years from to-day having to pay salaries that may be twice as high as the scale. That may be the situation unless the position following this war will be wholly different from what happened after the last war.

Mr. HOWE: I think we can leave it to the corporation and the government to make sure that the salaries paid are not out of line with the services rendered.

Mr. BURTON: If I understand this section correctly the minister is making provision for certain civil servants who may be taken from other departments to assist in the work of this corporation, and at the same time is leaving the way open for other appointments which will not go through the civil service commission. Is that correct?

Mr. HOWE: This is a corporation the employees of which are not subject to the civil service of Canada. But if an employee is already in the civil service his position is maintained; he is allowed to continue under the pension fund and to enjoy all the privileges of a permanent civil servant. This clause is usually inserted in acts of the kind we are considering this evening.

Section agreed to

On section 22—Execution of deeds, contracts or other documents.

Mr. HAZEN: What is the reason for inserting the words, "other than a grant of land"?

Mr. HOWE: It is a rule of government that land cannot be acquired or disposed of in the name of His Majesty without an order in council.

Mr. HAZEN: Earlier in the section the word "deeds" is used, and usually we associate that word with the conveying of land. What was in mind in inserting the word "deed" in this section?

Mr. HOWE: A deed is any document under seal; I do not think it refers necessarily to land. Land is always transferred by deed, but I believe that other assets as well can be transferred by deed.

Mr. DIEFENBAKER: Why are specific powers given to the minister or any one authorized by the minister to execute documents conferring title, in addition to the power which necessarily would rest with the officers of the corporation? What is the reason for giving the minister or anyone designated by him that power in addition to the ordinary powers which the corporation itself would possess?

Mr. HOWE: It may be contingent upon the status of the property being dealt with by the corporation. It is not mandatory to have title pass to the corporation and then from the corporation to the buyer. The title might very well remain in the government while the asset is being disposed of by the corporation, and the asset might pass direct from the government to the buyer.

Mr. DIEFENBAKER: That does not explain the situation as far as the minister is concerned. The section reads:

> Either the minister or any person or persons thereunto generally or specifically authorized by the minister or the corporation under its corporate seal and the hands of its duly authorized officers may execute—

—the documents named. Why is power given the minister to act on behalf of the corporation, of which he is not a member?

Mr. HOWE: Perhaps I should give my hon. friend another illustration. Surplus material might very well be disposed of to China without passing through the hands of the corporation. It might be included in mutual aid to China or to Russia, in which case the minister should have authority to transfer the title.

Mr. HANSON (York-Sunbury): Is not this the answer, that this is an additional control by the minister in the disposal of the goods?

Mr. HOWE: Yes.

Mr. HANSON (York-Sunbury): Rightly or wrongly the minister keeps control; even though the corporation itself might be willing to dispose of the property in a given case, if the minister said "no," it could not do so.

Mr. HOWE: Yes; he is responsible to parliament.

Section agreed to on division.

On section 23—Governor in council.

Mr. JOHNSTON (Bow River): I believe this is the section which was indicated by the parliamentary assistant as the one upon which

general discussion might take place. I wish to say a few words on this section, in view of several letters I have received, some of them by air mail, since the first statement was made in regard to the disposal of these assets. I thought the minister made the point quite clear when he said, as reported at page 3728 of *Hansard:*

> The purpose will be to sell the goods as directly as possible from the government to the ultimate consumer. As a matter of practical administration there may be commissions given to a group of dealers, but there would be no outright sale to dealers for re-sale at any price the dealer likes to charge to the ultimate consumer. The purpose is to work directly from the government to the ultimate consumer.

I take it that the minister meant that there would be no direct sales from this corporation to individuals; that the corporation would sell through dealers but at controlled prices. Would that be the purpose of it?

Mr. HOWE: Yes. I think it is hardly correct to say that there would be no sales direct from the corporation to the consumer. In connection with certain types of articles such sales would take place, but in connection with consumer goods probably it would be necessary to use dealers to obtain proper distribution. For example, we were considering a large consignment of safety razors surplus to requirements. Obviously safety razors could hardly be sold by the corporation direct to consumers; the logical way would be to place them in the hands of distributors, but to have the selling price to the consumer and the margin to the dealer agreed upon. That type of selling will be an important feature in certain lines. On the other hand sales of scrap have already been made direct from the corporation to the user; that is, to the primary producer of steel.

Mr. JOHNSTON (Bow River): I think there is a little confusion in the public mind, probably owing to a press report which appeared in this connection.

Mr. HOWE: Yes, the press report is not a correct interpretation.

Mr. JOHNSTON (Bow River): I believe that gave people a wrong understanding. The report says:

> Sell War Assets to Consumers as Far as Possible.
> Surplus war assets will be sold directly from the government to the ultimate consumer as far as possible and not through intermediate contractors or dealers. . . .

Shortly after that statement came out, I had three letters from municipalities in Alberta in regard to this matter. I dealt with it in part the other day, when I was speaking about the disposal of these surplus crown assets. There is a good deal of concern among the municipalities in regard to the disposal of some of these crown assets. That is especially true in regard to those municipalities, which I think would include most of them, who have contributed generously to the war needs of the government by turning over municipal machinery for use in the construction of airports, by turning over buildings to be used as hospitals, and by giving services in many ways completely gratis to the government. They figure that now they should be entitled to obtain some of these war assets which would be useful to them on a lend-lease basis, or under some other satisfactory arrangement. In these letters they point out that, having made these contributions to the war effort, as local self-governments, they should be given first consideration when it comes time to dispose of buildings within their jurisdiction, perhaps hospitals or storage buildings or air training buildings, or perhaps road machinery which a municipality might find useful. They are greatly concerned about this, and I think now would be the time for the minister to give the municipalities some further assurance that the local governments will be given first claim on any machinery or property under the control of this corporation which is now being set up. The property could be transferred on a lend-lease basis or under some other arrangement whereby the municipalities would get satisfactory possession.

Mr. HOWE: I think I covered the subject completely in an earlier discussion. I can say again that it is the purpose of the government to give priority to other governments. For instance, the first claim on material of use to a province would be the provincial claim, and the second would be the municipal claim. Priorities would be given as recommended by the committee, which is a feature of this bill. It is not the purpose of the corporation to give away anything. Its purpose is to dispose of government property in the interests of the people of Canada as a whole, and the only possible procedure is to place a price on the property or equipment and to give priorities where priorities are due, but to sell at one price to all. My hon. friend will appreciate that if the policy were to give materials to provinces, then to cities and then to others, the list of those willing to receive the materials or equipment without cost would be limitless and the distribution would hardly be in the interests of Canada. Governments of provinces and municipal governments have always paid for their equipment; they are well able to pay for it, and I think all that they can

reasonably expect is that they be given first choice when the equipment goes on the market.

Mr. JOHNSTON (Bow River): I thank the minister for his very fair statement. The minister mentioned that it was not the purpose to give away any of this property, but according to section 12 of the bill the corporation may

(a) sell, exchange, lease, lend—

That pretty well covers everything but it goes on to say:

—or otherwise dispose of.

There might be cases where certain equipment would be given away. The corporation, for instance, might see fit to give certain buildings or other properties to local governments.

Mr. HOWE: The only circumstances I can think of which would warrant the giving away of anything would be a disaster of some kind, say a flood in a certain area. Then the government might help out by sending away certain materials as a gift. Or the circumstances in a devastated area might warrant a gift from the government. But the usual practice will not be to give material or equipment away.

Mr. JOHNSTON (Bow River): Would not the words: "or otherwise dispose of" cover such a case?

Mr. HOWE: I dare say they would.

Mr. DIEFENBAKER: I should like to ask the minister a question under this section 22.

The CHAIRMAN: We are on section 23.

Mr. HANSON (York-Sunbury): We have not passed section 22.

Some hon. MEMBERS: Yes.

Mr. HANSON (York-Sunbury): It may have been declared carried, but that is all.

Mr. DIEFENBAKER: The question I have in mind is this. As I read the bill, powers are conferred on the Minister of Munitions and Supply giving him the right to do as he pleases, regardless of what the corporation wishes or decides to do. I read first section 10, subsection 6:

The corporation shall be responsible to, and be subject to the direction and control of, the minister.

Then section 22 says that the minister, without regard to the corporation, may execute on behalf of His Majesty any deed, contract or document transferring title to any surplus crown assets other than a grant of land, and whenever such document has been so executed it is valid and binding upon His Majesty.

As I read those two sections they confer on the minister the right to dispose of any of the property of the War Assets Corporation without regard to the members of that corporation. If, for instance, the corporation wishes or decides to dispose of certain property to party "A" and the minister does not agree and says that the property should go to party "B", he may not only overrule the corporation set up by this parliament but proceed without regard to the officers of the corporation to execute the necessary documents giving title to the party chosen by himself. I think, with all due respect to the minister, that is conferring a power upon him never before conferred upon any minister in this or any other country. It gives him the absolute right to decide, regardless of the corporation, on the disposal of billions of dollars worth of assets. If that is the meaning, and I can see no other meaning, I think some limitation should be placed upon such absolute power.

When you read the bill generally you see that the corporation is given certain powers, but then when you read section 22 you find that the minister has the absolute and final say, regardless of the wishes of the corporation set up by this parliament. He may himself determine, without control and untrammeled the disposal of these assets. I do not know why such powers must of necessity be conferred upon the minister. It is a tremendous power to place in the hands of any one man. Not only is it tremendous in its implications, but when one considers the assets to be disposed of one realizes that it makes the Minister of Munitions and Supply more powerful than any other minister in any representative government has ever been. I submit, Mr. Chairman, that better reasons than have been given should be given why this power, unlimited in extent and uncontrolled by the corporation, should be conferred upon the minister. If we confer such absolute power on the minister of any representative government we cannot complain in this parliament afterwards if the powers are exercised in a way that we did not expect. I submit that such unlimited power ought not to be conferred upon a minister.

Mr. HOWE: My hon. friend is fair, because first he denounces bureaucracy and then he denounces ministerial control. He made quite a speech against bureaucracy, against giving the corporation complete authority. Now he

denounces ministerial control, which is undoubtedly preserved by these provisions, and I think, rightly so. The powers of the minister are only exercisable with the approval of the government of which he is a member. If my hon. friend will read the bill carefully he will see that no assets of more than $15,000 can be turned over for disposal without an order in council, and the order in council specifies the means by which disposal shall be effected. The government must have the authority. If my hon. friend and I cannot agree on that, we have totally different conceptions of what parliamentary responsibility means.

Mr. DIEFENBAKER: We have. That is true.

Mr. HANSON: (York-Sunbury): I wonder if this is the position. On reading the bill one would assume at first blush that the government was setting up a corporation and then allocating to it the duty of disposing of surplus assets. When one gets down to cases and specific instances one finds that this corporation is merely a selling agency, that there is an overpowering veto in the hands of the minister who, notwithstanding any recommendation of the corporation, may say, "No, you must not do that; you must do thus and so."

I do not understand why the minister desires to delegate authority, on the one hand, and pull it back, on the other. It may be that he visualizes situations arising where it may be necessary to do that, but if he has a company officered by outstanding business men in whom he has confidence, why should he not allow those men to proceed, once an order in council has been passed, in the case of surplus assets exceeding $15,000, and without an order in council, where they are under that limit? If those men are of the proper type, why not give them free scope to go ahead? I am not going to raise a row about the matter, but on the theories that I have advanced it is simply giving with the one hand and withholding with the other.

I would suppose that it would be better to have the disposition of these goods in the hands of men who are not influenced by any ulterior consideration such as might be imposed upon the minister by his followers or what-not. We know how those things happen. I just wish the minister would go a little farther than he has and state whether or not I have correctly visualized the position, that on the one hand he is designating an agent and on the other he is keeping control over what they will do. They may just as well be considered as factors. That is all they would be as long as the minister keeps his hand on the situation.

I should like to call the attention of the minister to section 23 which contains some of the most extraordinary provisions I have ever seen in a statute of this kind. It states:

> The governor in council may:
>
> (a) make such orders as he may deem necessary or desirable with reference to the organization, administration or management of the committee or corporation and to confer on the committee or corporation additional powers and duties.

I gather that those are in addition to the powers conferred by the bill itself. What is contemplated by paragraph (a) of section 23? What additional powers and duties are to be conferred on the committee or corporation? The next paragraph reads:

> (b) make or issue such orders, rules and regulations as may be deemed necessary or desirable to assist the minister to exercise and perform the duties conferred or imposed upon him by or pursuant to this act.

If you read it apart from the limiting clause the corporation can do anything. It looks to me as being redundant. The draftsman of this bill must have had something in mind and I am going to ask the minister to tell us frankly why those two clauses are interpolated at the tail end of this bill.

Has the minister given any consideration to the suggestion I made on the second reading that the net proceeds from the disposition of these surplus assets shall be devoted only to the reduction of the national debt? For the most part these goods have been bought and paid for with borrowings which have been added to the public debt, and the proceeds should not go into consolidated revenue fund. I think that is a basic financial principle which the minister will at once recognize and accede to, but there is nothing in this bill to cover that.

Mr. HOWE: In reply to the first point raised by my hon. friend may I say that in my opinion there is nothing worse than authority without responsibility, or the reverse, responsibility without authority. Since the minister must necessarily retain the responsibility for all the acts of the corporation, he should not divorce himself of all authority, particularly the authority of veto. The purpose of the corporation is to gather together men possessing information and experience which no minister could have, to guide the minister in the proper administration and sale of these assets. I think that purpose will be served with the bill as it is drawn to-day.

My hon. friend is inquiring as to what additional authority will be required. Section 12 of the bill gives the corporation powers which are considered to be adequate, but this bill is providing for work of a type which has never been previously undertaken by a crown corporation, and it has been thought well to give the governor in council authority to confer additional powers on the corporation if experience proves that they are required.

The third matter raised is as to how the funds recovered from the sale of the assets will be used. Under this bill the minister is to pay these funds into the consolidated revenue fund. It will be a matter for the Minister of Finance of the day, or the government of the day, to determine how the funds so realized will be used. I do not think my hon. friend can expect the minister designated to administer this measure to decide how the funds shall be used.

Mr. HANSON (York-Sunbury): I would not suggest that, but I suggest that parliament should now give him a lead. We should put in the bill the provision that that is to be done. I think it would be bad for public financing if the net proceeds from the sales of these surplus assets, either through the agency of the corporation or through the activities of the minister, were to be allowed to go into consolidated revenue fund and then be paid out for any purpose which parliament might subsequently vote. These moneys have been borrowed and interest is being paid thereon. The public debt has been increased. These are capital assets in the true sense of the word, having regard to their origin. The proceeds of the sale of these capital assets should be earmarked for debt reduction and I challenge anybody to contradict the soundness of that theory.

An hon. MEMBER: Move an amendment.

Mr. HANSON (York-Sunbury): I do not intend to move an amendment.

Mr. HOWE: I do not intend to quarrel with my hon. friend, but I would point out that these assets were created, partly from the proceeds of borrowings and partly from the proceeds of taxation. I agree wholly with the principle he suggests, that the funds obtained from the sale of these assets should be considered as capital, and used for debt reduction. I sincerely hope that that will be the case, but I could not take the responsibility of directing the Minister of Finance in the use of these funds.

Mr. HANSON (York-Sunbury): Was that position considered in drafting the bill? Did the question arise? I think if it did arise, the minister who now agrees thoroughly with the principle I am trying to contend for, would have had it put in the bill. I think it ought to be mandatory. I am not going to move an amendment because I believe I have done my duty when I point out what I consider a lack of policy in the bill. Having regard to the statement he has just made to me, that he considers the point I have made well taken, I think the minister ought to put it in the bill and not leave it for some future Minister of Finance to determine. Such a minister may need money and this money may be switched to purposes other than those of debt reduction.

Mr. DIEFENBAKER: In connection with the point just raised by the hon. member for York-Sunbury may I say that I believe the course being followed in the United States, at least the one recommended in the Baruch report, is that the proceeds from the sales of war assets shall be applied to the reduction of the national debt.

When I suggested to the minister that he was being given limited authority he said that I had lost sight of the fact that in the case of the disposal of assets over $15,000 the approval of the governor in council is necessary. I wish to ask him, where there is any such provision in this bill to that effect? I have not been able to find it; but the minister states that his power is limited, and I can see no provision in the bill before me which makes any reference to the fact that such a limitation is in effect.

Mr. HOWE: My hon. friend will find that the authority for transferring property to the corporation is in the minister with the approval of the governor in council, which involves the obtaining of an order in council. As a matter of practice the same method is followed in the sale of property as is followed in the purchase of property; transactions under $15,000 do not require an order in council in either case. That is simply an administrative arrangement, and can be changed by subsequent governments if they so desire.

Mr. HANSON (York-Sunbury): What the minister is saying is that it is a practice which has grown up and has the sanctity of custom; that is all it is.

Mr. DIEFENBAKER: The minister has now admitted in effect that there is no legal control on the disposal by himself of property over $15,000. There was a control until recently under order in council P.C. 4013, which had reference to War Assets Corporation Limited, and it provided in that order

in council that no consignment or transfer of surplus materials or articles having a value as estimated by the Minister of Munitions and Supply in excess of $15,000 should be made without the prior authorization or approval of the governor in council. No such order in council is now in effect, and there is no limitation on the minister, for by section 19, subsection 3, the charter of War Assets Corporation Limited is cancelled and the company is dissolved. Therefore, Mr. Chairman, I wish to ascertain from the minister where there is to-day any control on his absolute power of disposal. A while ago he answered me that I had not read the bill. I have read it, and there is no reference to any such provision. Now he says that it is the custom that no disposal shall be made or any purchase be made over $15,000 without an order in council. That is not enough. Under this bill as constituted we give the minister absolute control, regardless of amount, to dispose of these assets. If it were felt necessary in March, 1944, to set up a control by order in council to restrict the minister, now that we are passing a statute in the place of the order in council I ask the minister whether he will accept or will suggest an amendment whereby he will be controlled against the disposal of assets in excess of $15,000. If that is not incorporated in the statute, unlimited power is given to the minister. That is the point I made a while ago, and now it appears that the point was well taken.

I suggest to the minister that there must be that limitation; otherwise parliament is conferring rights upon him such as were never before conferred on any minister—absolute power to dispose as he pleases, regardless of the corporation, which he controls. He may even go to the point where he can dispose of assets and afterwards ask the corporation to approve his act, and the corporation, being under his control, must do so.

Mr. HOWE: I was trained as an engineer, but it seems to me that since I came to Ottawa I spend a great part of my time in explaining the law to lawyers. If the hon. member will look at section 9 of the bill he will see that the section outlines the ministerial power. The clause begins:

> With specific or general authority from the governor in council, the minister may. . . .

Then there is a list of the things the minister may do. My hon. friend will note the preamble; the minister must obtain "specific or general authority from the governor in council." As the situation stands at the moment, he has general authority for transactions under $15,000, but he must obtain specific authority for transactions above that figure.

Mr. DIEFENBAKER: What is the order in council which makes provision for that?

Mr. HOWE: The order in council which my hon. friend held in his hand a few minutes ago makes provision for the general authority. The specific authority must be obtained as occasion requires.

Mr. DIEFENBAKER: No; the general authority is only in so far as War Assets Corporation Limited is concerned and, as I pointed out a while ago, by virtue of section 19, subsection 3, that corporation is no longer in existence.

Mr. HOWE: At the exact moment when War Assets Corporation Limited passes out of existence a new order in council in the same terms will be passed, providing for the new corporation.

Mr. BOUCHER: I might point out to the minister that not only is power left to the minister, but, if he reads section 22, he will see that it is left to "the minister or any person or persons thereunto generally or specifically authorized by the minister." Not only can the minister, I take it, ask War Assets Corporation Limited to do it, but he can, having asked them, do it himself, or he can appoint another person or other persons either specifically or generally to dispose of it. Beyond that how much farther could he go? He has power absolutely to ignore War Assets Corporation Limited and to sell things independently of them or to authorize other persons to do so. There might be some argument why the minister should reserve himself the right to do so, but I cannot see any argument in favour, not only of reserving the right to himself, but also of setting up some other corporation or of giving somebody else specifically or generally the power of disposal.

Mr. MacNICOL: I wish to support the argument advanced by the hon. member for Lake Centre.

Mr. HOWE: What was his argument?

Mr. MacNICOL: It was evident that in his submission to the committee he had made a much more exhaustive inquiry into this bill than any of the rest of us had. I congratulate him upon his zeal and knowledge. I have been thinking over what the minister has said, that an order in council will be passed along the lines of the previous order in council which applied to the present body that will be out of business as soon as this bill is passed, and I have been saying to myself that this new corporation, if I properly

understand its set-up, will have to do with the disposal of properties like the Polymer in which the government has invested approximately fifty million dollars, and that is a vast amount of property to dispose of without proposals being submitted to anyone but the minister himself, unless, of course, the order in council to which he referred has already been passed. Why not, as the hon. member for Lake Centre suggested, avoid the trouble of asking for an order in council by incorporating in the bill that the disposal of war assets of a value of over $15,000 must come under the same scrutiny as the disposal of war assets of a value of under $15,000?

Mr. HOWE: It is already provided in the bill that all acts must have specific authority from the governor in council, unless included in the general authority. The general authority covers only small transactions. The general authority is given. It may be varied by governments from time to time; they may wish to cut back to the public works limit of $5,000, or they may wish to go up to the larger limit; that is a matter for the government of the day to determine. The present government has decided that the limit of discretion for the minister should be a transaction of $15,000 and under, but for transactions of over $15,000 the specific authority of council must be obtained.

Mr. MacNICOL: Then why not incorporate it in the bill?

Mr. HOWE: It is in the bill.

Mr. MacNICOL: I understood the minister to say that after the bill is passed the governor in council will pass an order in council to conform with the previous order in council. The hon. member for Lake Centre suggested that that be incorporated in the bill, that such and such would have to take place in connection with a sale of property over $15,000 in value.

Mr. HOWE: The law as now framed requires an order in council for every sale, but makes provision for orders in council general in terms, and an order in council general in terms which was passed with regard to the former corporation provided that the minister had discretion up to transactions totalling not more than $15,000.

The CHAIRMAN: Shall the section carry?

Mr. GRAYDON: On division.

Section agreed to on division.

The CHAIRMAN: Section 24—

[Mr. MacNicol.]

Mr. GRAYDON: Not section 24, Mr. Chairman. I do not think anyone desires to be technical, but some of these sections were passed rather quickly and discussion perhaps was denied because of that. In reference to section 22, discussion did take place and our understanding was that discussion was being held on section 22. It was on that section that the Chairman asked whether it be carried or not and we objected to the carrying of it and called "on division". That was section 22.

Mr. CHEVRIER: The hon. member for Bow River was the first person who spoke on section 23 after section 22 had passed, but the hon. member for York-Sunbury reverted to section 22 and there was no objection from this side. Section 22, however, has unquestionably passed.

Mr. GRAYDON: I have no objection to the section passing, provided that it is designated as passing on division.

Section agreed to.

The CHAIRMAN: Section 25—

Mr. STIRLING: We did not agree to section 24.

The CHAIRMAN: If I may explain, section 22 was carried, and I called section 23—

Mr. GRAYDON: Section 22 was carried on division.

The CHAIRMAN: Yes, on division. When we were discussing section 23, however, the hon. member for Lake Centre stated that he wished to make a statement on section 22 and I asked the committee to revert to that section, so that I did not have to call section 22 again. I called section 23 and declared it carried, and then I called section 24. Does the hon. member wish to revert to section 24? If so, I am satisfied. Section 24—Offence. Shall the section carry?

Some hon. MEMBERS: Carried.

The CHAIRMAN: Shall section 25 carry?

Section agreed to.

Bill reported.

Mr. SPEAKER: When shall the said bill be read a third time?

Mr. HOWE: Now.

Mr. GRAYDON: On division.

Bill read the third time and passed.

AERONAUTICS ACT

CIVIL AVIATION AND COMMERCIAL AIR SERVICES—AIR TRANSPORT BOARD

Hon. J. E. MICHAUD (Minister of Transport) moved the second reading of bill No. 133, to amend the Aeronautics Act.

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

On section 1—New heading inserted.

Mr. MacNICOL: I wish to speak very briefly on this bill and chiefly with reference to what the minister said in the one or two brief addresses he made on the subject of aviation generally in Canada. As I remember, the import of his remarks was that the present trans-Canada Air Lines are to have priority and full control over air traffic or transport from east to west. Am I right in assuming that? At any rate, that is what I understood, that Trans-Canada Air Lines were to have priority and full control. Here again in this bill, as in the last one, I am afraid we are not following the very best path. In the United States, when war broke out I believe they had twenty-three air lines or more. They had at least that number in operation. Their set-up, I understand, is wholly private.

Mr. HOWE: Canada at the outbreak of war had some fourteen.

Mr. MacNICOL: But they were under the control of the government. I am speaking of absolutely private control.

Mr. HOWE: The government controlled one and the other thirteen were private. I think I am correct in my figures.

Mr. MacNICOL: I know that prior to the war there were a number of private air lines in Canada, but as I read this bill they will be wiped out. Personally, I am in favour of private ownership. It creates competition, and the principle has demonstrated down the years that it results in expansion of business all along the line. The private lines in the United States have done a masterly job. When that country entered the war they were able to provide for war purposes a very large number of thoroughly qualified aviators who had flown back and forth across the continent in passenger and freight movements. They have also done a great job in the war. I fear that if all our private lines are either absorbed or wiped out in Canada, our post-war set-up will not be able to take its place in world affairs in such a manner as it would if we had a private set-up too. My observation has been that businesses carried on by the government are costly to operate. The initiative is not nearly so great in government-operated plants of any kind as it is in privately-controlled enterprise. The United States have been giving a lot of concern to the problem of after the war aviation. The chamber of commerce of that country at a meeting held in Washington in 1943 passed certain resolutions. The one on air transport reads as follows:

> Civil aviation has proved its growing importance in commerce for engineering and scientific purposes and for the national defence.

The reference there being to the fact that when they got into war aviators were available in such numbers that they were able to supplement very greatly the United States war effort.

The quotation continues:

> It should be given all practicable opportunity for further development, and equipment should be made available so far as is consistent with urgent defence requirements.

Then one further paragraph:

> No federal funds should be expended on commercial airports except under plans approved by the commission. Federal aviation funds should be used only for air-navigation and traffic control facilities or other work which meets the test of special national interest in specific cases and on conditions that local interests provide approved landing areas and necessary buildings, and observe proper standards of airport maintenance, zoning and charges.

I read over carefully the United States act of 1939. As far as I can see, that act is designed to assist in every way possible the development of civil aviation under private control. In this bill we are doing just the reverse because our bill gives priority to the T.C.A. I ask myself, how are we to develop private air lines from one end of Canada to the other and north and south across Canada if the T.C.A. is to have such advantage over every other line? That is diametrically opposite to what is being done in the United States. In that country private lines developed through private enterprise to such an extent from 1939 to 1943 that air traffic had arisen to a total of $1,400,000,000 for the latter year. The private companies there are planning to invest hundreds of millions of dollars after the war to develop the United States to take its place in the air picture.

I wish to speak very kindly to the minister. He has given this subject a great deal of thought. I am often amazed at his capacity in so many different lines and along so many different avenues of commerce. But in this case I should have liked to see a wider opportunity for private ownership and private development of air lines in Canada. The minister, in the address he gave on June 6,

outlined clearly from his point of view the objects of the present bill. Outside of the present bill being principally in support of government controlled air lines like the T.C.A., it contains much the same regulations as does the United States act. As I see it, the United States act encourages all air lines. Perhaps the minister may say that they have a much larger country in which to develop air traffic because of their great population; but I am convinced that the development of Canada, particularly our large unoccupied areas in the north where air lines will do so much to open up the whole north country, a country filled to overflowing with resources, can be greatly helped by private air lines. This will not be done by the government-owned lines unless they can make a profit out of it. If private enterprise were given the opportunity it would go in and open it up.

I do not wish to hold up the bill; I could not do so if I wanted to. But all over the world every country is giving a great deal of thought to air traffic after the war. I saw a dispatch in the Toronto *Globe and Mail* of June 14. This dispatch appears under date of London, June 13, and reads as follows:

> Sir Arthur Whitten-Brown, who was navigator of the first direct trans-Atlantic flight with Captain John Alcock, twenty-five years ago, to-day joined the advocates of post-war freedom of the air. At a luncheon commemorating the 1919 flight, he said:
>
> "We fought in days gone by for freedom of the seas and made it a gift to a somewhat appreciative world. May we hope that freedom of the air may come through peaceful agreement, but that freedom we must have.
>
> May always our air forces be powerful enough to maintain that freedom in peaceful security from the end of this war onward."

I am not sure whether I understood what the minister said about the control of air lines to and from Canada. I have been wondering what Trans-Canada Air Lines will be able to do in reference to carrying on commerce with Mexico. We shall have to fly over United States territory. The minister may have explained what will be necessary, but I have just forgotten. I doubt if they will be able to fly over the whole expanse, from our boundary to the Mexico boundary without alighting; perhaps they can. If I am wrong, when the minister comes to explain our contact with Mexico or any other South American republic he will set me right. He will tell us whether we have any right to carry on our commerce outside our own country. I should like to know that. Certainly, after the war the passenger and commercial traffic of air lines will be of vital importance to any country and exceptionally vital to Canada. I hope there is nothing in the minister's mind—there is nothing in the bill—that will in any way interfere with that.

When I heard the minister make a speech a short time ago about the position after the war in so far as traffic throughout the world is concerned, I became quite alarmed. I suppose that after the war there will be international meetings to arrange for routes and all other particulars about air traffic that will give Canadian air lines the same free passage in the air that our ships have on the sea to-day. I should think that would be what we would expect. As far as Canada itself is concerned I hope that nothing in this bill will prevent private enterprise from carrying on this work. Take, for instance, Canadian Pacific Railways; that is private enterprise. Are they to be permitted to develop through air routes in every direction? If the minister carries out his plan as I understood him to lay it down when he made his speech, I do not know how the C.P.R. will be able to operate air travel east and west from Montreal to Vancouver or from Halifax to Vancouver and Victoria. If the Canadian Pacific or any other company will not have that right, along with T.C.A., I am afraid the service will suffer. There is nothing like competition. In my experience in business for many years there was nothing like competition to spur the company with which I was associated to turn out the best possible line of goods. If there is not to be competition in air services across Canada I am afraid we shall not have the best service. In my experience competition has created business and made trade.

Mr. HOWE: I should like to make it perfectly clear that this bill does not in any way extend the functions of Trans-Canada Air Lines, nor does it prevent the expansion of private aviation in this country. It does have one effect; it deals with a tendency that has been evident, and that has developed very rapidly during the course of the war, toward the concentration of air service wholly in the hands of Canada's two transcontinental railways. The government entered into the business of air transport in 1936 for the reason that private enterprise was not prepared to go into that field on a scale in keeping with the developments of that day. In going into that field the government made it perfectly clear that it would establish a service from coast to coast which would be non-competitive in character. That provision is contained in the Trans-Canada Air Lines Act, and the bill now being considered does not affect the position of Trans-Canada one way or the other, except in one particular. The act of 1937, I think it

was, specified that the ownership of Trans-Canada Air Lines would be in the hands of the Canadian National Railways. That seemed the logical arrangement at the time; but that arrangement has had a tendency to encourage the other competing railroad to acquire all other services in Canada. That is a result which the government believes is not in the best interests of the development of air transport in Canada.

My hon. friend has referred to international aviation and the policy of the government toward aviation generally. The bill does not affect international aviation; it does not attempt to regulate international aviation. The bill expresses the announced policy of the government.

Mr. MacNICOL: Would it not affect international aviation coming into Canada?

Mr. HOWE: No, except that when any air transport line comes into Canada it must conform to Canadian law which will be this bill, when it passes this house. Other than that the position of foreign aircraft lines operating in Canada will not be changed by the provisions of this bill.

Mr. COLDWELL: I was not here when this bill was given second reading, but I do not propose to impose any speech upon the committee because of that fact. I think my colleagues in this party placed our position before the house very well at that time, but I hope the minister is not receding in any way from the position he and the government took earlier in the session. I realize, of course, that this bill does contemplate that there will be not only a national airways system in this country, but that it will leave room for certain other lines to be established. I understand perfectly that the minister is anxious that no monopoly shall be established by a private corporation, and that is why the railways are to divest themselves of the airways plan which they have been following. I think that is wise; in this country, with a population as small as we have, I think we can support only one efficient air line. I would go the whole way and say that except for the small feeder lines, which we might even call taxi lines, the whole of the air transport of this country ought to be under a government organization and a government system. I noticed what the hon. member for Davenport said a few moments ago. I wonder if he would read again the speeches made in this house by the former leader of the Conservative party, Right Hon. R. B. Bennett, when this matter was under discussion some years ago. To my mind it is all very well to talk of private enterprise, but the only transportation that many of our boys had on the Canadian Pacific railway before the war was on the outside of box-cars. I would remind the hon. member, too, that in addition to men being on relief during the depression years the Canadian Pacific Railway Company went on relief to the extent of $60,000,000 without interest.

What I really rose to say is that I think there is something lacking in this bill. Included in the regulations and legislation in both Great Britain and the United States are comprehensive labour codes. We have established what I believe to be very good conditions for our staff on the T.C.A. I believe we have a competent and efficient staff. As one who uses T.C.A. quite often I am amazed at the efficiency, the safety, the comfort and the courtesy one receives on that line. I think it compares very favourably indeed with anything the private companies in the United States can produce: in fact I would go one better and say that I believe the efficiency, speed, courtesy and all the rest of it offered by T.C.A. is superior to anything to be found in the great country to the south. But I point out that both Britain and the United States have included in their legislation and regulations covering aeronautics comprehensive labour codes. As a matter of fact I have here copies of both, which I obtained some little time ago.

Mr. HOWE: Are these in the aeronautics acts of those countries?

Mr. COLDWELL: In section 401 of the civil aeronautics act of 1938 of the United States there will be found this:

(1) Every air carrier shall maintain rates of compensation, maximum hours, and other working conditions and relations of all of its pilots and co-pilots who are engaged in interstate air transportation within the continental United States (not including Alaska) so as to conform with decision numbered 83 made by the national labour board on May 10, 1934, notwithstanding any limitation therein as to the period of its effectiveness.

(2) Every air carrier shall maintain rates of compensation for all of its pilots and co-pilots who are engaged in overseas or foreign air transportation or air transportation wholly within a territory or possession of the United States, the minimum of which shall be not less, upon an annual basis, than the compensation required to be paid under said decision 83 for comparable service to pilots and co-pilots engaged in interstate air transportation within the continental United States (not including Alaska).

(3) Nothing herein contained shall be construed as restricting the right of any such pilots or co-pilots, or other employees, of any such air carrier to obtain by collective bargaining higher rates of compensation or more favourable working conditions or relations.

(4) It shall be a condition upon the holding of a certificate by any air carrier that such carrier shall comply with title II of the railway labour act, as amended.

(5) The term "pilot" as used in this subsection shall mean an employee who is responsible for the manipulation of or who manipulates the flight controls of an aircraft while under way including take-off and landing of such aircraft, and the term "co-pilot" as used in this subsection shall mean an employee any part of whose duty is to assist or relieve the pilot in such manipulation, and who is properly qualified to serve as, and holds a currently effective airman certificate authorizing him to serve as, such pilot or co-pilot.

The British section is slightly different but really to the same effect. Section 18 of statutory rules and orders, 1938, No. 613, made under the navigation act of October, 1936, reads:

It shall be a condition of every licence that the wages, salaries, or other remuneration paid by the holder of a licence to all persons employed in connection with the operation of the services authorized by the licence, or paid to persons employed in connection with the operation of aircraft hired by him for the purposes of those services, and the conditions of their employment shall not be less favourable to them than the wages, salaries or other remuneration which would be payable and the conditions which would have to be observed under a contract which complied with the requirements of any resolution of the House of Commons for the time being in force applicable to contracts with government departments. Provided that if complaint is made to the licensing authority that the above-mentioned condition is not being observed, the licensing authority, if the complaint is not otherwise disposed of, shall request the ministry of labour to seek the advice of the industrial court and the licensing authority shall be guided by the advice of the court in deciding whether the above-mentioned condition is satisfied.

The contracts with the British government lay down certain conditions which must be observed not less favourably by the air transport carriers under the British authority.

It seems to me that we should have in this bill a labour code which would guarantee to those who are engaged in the aeronautical service decent remuneration and proper working conditions. If we are to have private enterprise in this field we should lay down the conditions upon which private enterprise should operate. I believe, of course, that we should have a labour code generally for the various industries in this country. We need a national labour code laying down the minimum satisfactory labour conditions. Here we are starting something which is entirely new in the history of our country, and it seems to me that this is the time when we ought to be legislating to bring about conditions that are desirable in this field. To my mind the bill is defective in that respect.

[Mr. Coldwell.]

There are several features of the bill which I shall discuss when the various clauses come before us. Besides wishing to emphasize what I have already said, I am most anxious to say to the minister that I believe, as the recent Gallup poll showed and as I learn from contacts which I have throughout the country and from conversations which I have had with people with whom I have met quite recently, that the people of this country will view with no favour the granting of permission to establish air transport in this country by private enterprise. We have had enough trouble with our railways. We remember how in the depression years attacks were made upon the railways in this house because of the high expenditures that were made for lines and services that were not being used on account of the depression. To-day, of course, we can be thankful that we have those lines. As I have said once before, the Canadian Pacific Railway Company would give almost anything if the lines which it tore up east of White River had been available for use during this war. Let us not repeat the mistakes of the past. We can have an efficient up-to-date mainline air transport system run efficiently under government authority. No one can say that a government organization cannot operate efficiently after what we know is being done by the T.C.A. I know the minister himself takes a pride in that organization, and I think the establishment of this great service, safe, secure, sound, offering every courtesy and convenience, is one of the worth-while contributions which the minister has made to this country during his tenure of office. I would like to see brought entirely under government control all the long distance air lines in the country, the northwest staging route, the route to Labrador, the routes from Winnipeg, Saskatoon, Edmonton. I believe that the employees would be better off and the public would be better protected if all these lines were under government control.

May I add that when we hear of private enterprise in this particular field, all that private enterprise is doing in this field is running the planes. The air fields, the meteorological service, the teletype, the beacons, the emergency landing fields and all the other facilities are provided by the government. It is just as though we said to the Canadian Pacific Railway Company: We will lay the rails of your system, establish the stations, and do everything else that is required, so that all you will have to do is to put the engines and the cars on the lines, run the trains and collect the revenue. That would be comparable.

Mr. MacNICOL: It is the same way in the United States.

Mr. COLDWELL: I do not care what they do in the United States. I am not worrying about what they do there. I am interested in Canada, and as long as we are interested in Canada let us set up an organization on a sure foundation, without reference to what they are doing in the United States or in any other country.

Mr. MacNICOL: I like to look at what they are doing in all countries.

Mr. COLDWELL: As a matter of fact there is great controversy in Great Britain in regard to this matter, and the point of view expressed by the minister in this house in April is very much the point of view held by a large number of people in Great Britain. I have no doubt that even if people do succeed in setting up privately owned airways in this country and elsewhere it will be only a short time before governments will be compelled to take them over and operate them as great public transportation systems. so that in order to avoid the difficulties which otherwise are bound to arise in the future let us establish now our own publicly owned and publicly operated airways system.

I just want to repeat in conclusion that I wish there were a labour code in this bill.

Mr. HOWE: In regard to what my hon. friend says about a labour code being put in the bill, each country has its own method of handling labour matters. It has not been the practice in Canadian legislation to enact labour codes in bills general in character. For instance, we have no labour code in the Railway Act or in the Transport Act. We have a labour code in this country but it is a separate enactment. I do not think the railroad employees have ever been handicapped because there was no specific labour code in the Railway Act. The railway employees are highly unionized and have been for a great many years. Their labour relations with their employers are perhaps a model for other industries. Similarly the air lines have a collective bargaining agreement with their pilots. All the commercial pilots, I believe, are members of the pilots' association, and the relations between the pilots' association and their employers are happy. The pilots' association has recourse, as all organized labour has, to the duly constituted authorities. In my opinion the addition of a labour code to this bill would neither strengthen the position of the employees nor improve the bill.

Mr. REID: Mr. Chairman, with a great deal of what the hon. member for Rosetown-Biggar has said I am in hearty accord, but, after all, there are in this bill certain principles which the members should consider seriously before the bill is passed. My own view regarding the centralization of power at Ottawa is the same as I have expressed on many occasions. Despite the fact that the minister says that under this bill no private company will be debarred from entering into business within a province I cannot help thinking that once the bill becomes operative and the board is set up, it will be given a great deal of power and authority.

We speak of international flying between one country and another. That is quite desirable, but do not let us overlook the fact that under this bill we are putting into the hands of three men the power of making rules and regulations affecting every province. Has it been decided whether the dominion government has power over the air over the provinces? So far as I know, that has not yet been decided. Under this bill the dominion government is to have the say as to what company or individual will be allowed to fly within a province. I think the committee should realize the import of a question of that kind before it passes this measure. Has the dominion government complete control over the air?

Suppose that a man in New Westminster wanted to inaugurate a flight from that city to Victoria or to the northern part of British Columbia. Under this bill he would have to apply to the board at Ottawa. As I said in a speech made in the house not long ago, we from British Columbia have had painful experiences in coming to Ottawa to appear before boards. The provinces are handing over power to the dominion government. We must bear in mind that a lot of the power of the provinces has been filched from them during this war, and I am just wondering if that power is to go back to the provinces. During the last war many of the powers which were filched from the provinces were retained at Ottawa, and I think we had better be careful before giving these powers away to the dominion government.

I am particularly interested in the question of whether the dominion has the right to regulate or prevent the setting up of air lines within a province. We know that in so far as railroad transportation is concerned a railroad may be started within a province, although there have been instances where the dominion, perhaps to get some right on behalf of

another railroad, has passed an act of parliament designating such provincial railroad to be for the good of Canada. That is my first question.

The explanatory notes contain the following:

The bill will add a new section to the Aeronautics Act dealing with the powers and duties of the air transport board. The Department of Transport will continue to administer those portions of the Aeronautics Act which deal with civil aviation and do not come within the scope of the board.

What is the scope of the board? I thought this bill was to give the board all power and authority, but apparently there are certain powers left out. They are going to split the power. The Minister of Transport is to have certain powers and the board will have certain powers. That is my second question.

My third question is this: Who is to administer this legislation, the Minister of Munitions and Supply or the Minister of Transport? When I have had answers to these three questions I may have something more to say.

Mr. HOWE: There is no question about jurisdiction over the air. A reference was made, I believe in 1929, to the privy council, in connection with the Aeronautics Act, and it was ruled that the dominion government has complete jurisdiction over the Aeronautics Act and over railways generally. The hon. member asked, who is to administer this legislation? I have explained that on many occasions. This legislation properly belongs under the Department of Transport, but for purposes associated with the war it has been temporarily transferred to the jurisdiction of the Minister of Munitions and Supply under the Transfer of Duties Act. The transfer is temporary and the administration of the measure will be returned to the Department of Transport in the not too distant future.

All civil aviation comes within the scope of the board. Part II comes within the scope of the board; it will be administered by the new board, while certain parts of the bill remain under the direct jurisdiction of the minister.

Mr. FRASER (Peterborough West): I am interested in feeder lines. The city of Peterborough has tried to get an airport but so far we have been unsuccessful. The country around that city is rolling and it is hard to put in an airfield. However, it can be done and I understand that plans are being made to construct an airport after the war. The president of the Toronto transportation commission sent me a letter which I should like to read to the committee. It reads:

June 12, 1944.

Forwarded herewith is copy of a letter which I have written under date of the 9th instant to the Honourable C. D. Howe, Minister of Munitions and Supply, with reference to the air transport bill just introduced in parliament, and its possible effect on the helicopter services which its commission hopes to operate after the war, through its subsidiary, Gray Coach Lines, Limited.

As your constituency is served either directly or indirectly by Gray Coach Lines routes, I thought the foregoing would be of interest to you.

It would be a wonderful thing if we could have a helicopter service to that district. The railway service into our city at the present time is absolutely terrible. If you want to come to Ottawa you must leave at twenty minutes to twelve noon or at 1.45 a.m. To return to Peterborough from Ottawa you must leave Ottawa at 9.20 in the morning to arrive at Peterborough at 5.15 in the afternoon or at 11 p.m. to arrive at Peterborough at 5 p.m., provided that the trains are on time. The letter from the Toronto transportation commission to the Minister of Munitions and Supply is dated June 9, 1944, and reads:

The commission and its subsidiary, Gray Coach Lines, Limited, are owned by the people of Toronto and in addition to operating practically all the local transportation in and about the city they own and operate the largest interurban motor coach operation in Canada.

It is becoming increasingly apparent that the helicopter will shortly become a practical instrument for local air passenger transportation. It is also obvious that existing air passenger travel is not suitable for or equipped to supply local passenger demands. Indeed, the trend is the reverse, its goal being longer trips at faster speeds. Unless completely unforeseen developments arise, this involves longer runways and the maintenance of airports a substantial distance from the centre of the cities served. Obviously this situation makes no appeal to local passenger demand, nor is it likely that it would be commercially feasible for an air line to mix local passengers with its long distance passengers, even if it were willing to accept them and detract from the advantages of its service by making the local stops required.

It therefore follows that the helicopter and the aeroplane will not compete but will serve a totally different constituency. As far as the helicopter is concerned its constituency is almost exactly coterminous with that of the existing motor coach, but its advent will give motor coach patrons a choice of modes of travel and in many cases a quicker, more convenient, and possibly equally inexpensive service.

The motor coach industry knows local passenger travel needs and desires. It has all the local branches, ticket agencies, garages, repair shops and personnel ready to hand. The public will be best served by the coordination of this

new travel agency with the motor coach, and this consideration must surely be the decisive one.

It seems to this commission that the air transport bill just introduced in parliament will, if press reports be accurate, prevent the use of the helicopter by the motor coach industry. This may mean the denial of this new method of public transportation to the people of Canada. It certainly will mean a postponement of its introduction in Canada and a costly and unnecessary duplication of function, which duplication, in the last analysis, is always paid for by the users of the service.

It is also important that Canada shall not lag behind the United States in its acceptance of this new mode of travel and what is planned in the United States is best exemplified by the extract from "Aviation News" which we are taking the liberty of enclosing.

This commission has on leave of absence many mechanics now engaged in the repair, maintenance and servicing of aircraft operated by the naval, military and air forces, and who will return to their employment after the termination of hostilities. There are also on leave of absence many employees in the flying services of the armed forces of Canada and allied nations, many of whom, upon their return from service, can be qualified to direct, dispatch, navigate, pilot and operate the aircraft which it is proposed to operate.

The commission, therefore, respectfully submits that the bill in question is too broad in its scope and should be amended to allow for the normal and usual development of this new system of transportation which has such promise of usefulness to the citizens of Canada.

This submission is premised upon the theory that jurisdiction over this new form of travel resides in the dominion. This may be open to some question, as helicopters were not considered in the reference to the courts on aeronautics.

We are taking the liberty of sending a copy of this letter to the local members of parliament.

Yours faithfully,
Wm. C. McBrien, Chairman.

The extract from *Aviation News* under date of May 29, 1944, is as follows:

Greyhound Plans Helicopter Feeders

Post-war plans of the bus industry "to establish a non-subsidized, multi-scheduled helicopter-bus air service operating between bus stations in the downtown sections of approximately 1,000 cities and towns" were announced by Arthur Middleton Hill, President, Atlantic Greyhound Corporation, before the Institute of Transportation in New York.

Four hundred transportation executives attended the institute, held May 23-24, under sponsorship of the schools of law and commerce of New York university and the Transportation Association of America.

The proposed helicopter service, Hill said, "results from a large demand for air service between 50 and 250 miles which, in volume, is greater than all of the present air and bus travel combined."

He said the helicopters would have approximately the carrying capacity of a small bus, and cost to the traveller would be "no greater than the operation of his private automobile".

He did not touch on the question of when such helicopters might be available but said: "Leaders of the bus industry who have conferred with aircraft manufacturers licensed to build helicopters, and have witnessed demonstrations, are fully convinced that these aircraft are the means through which a post-war coordination of bus and air transportation will become a reality."

The reason why I bring this up is that I feel, as I know a number of other hon. members do, that opportunity should be given to such companies as these to feed the transcontinental air lines. I hope the minister will not exclude these private corporations.

Mr. HOWE: If I may at once answer this comment, I would say that the article read by my hon. friend is a perfect example of the need for taking care not to give out prematurely valuable public franchises. I point out to my hon. friend that the commercial helicopter is yet to be invented, and if my guess is accurate—and I have followed fairly closely the progress of the art—it will be some years before the invention is brought to the point where it can be used commercially. The government has had applications over the last two or three years from, with few exceptions, every bus line in Canada for franchises for helicopter operations between points served by bus systems. I suggest that these applications were probably made in good faith, but a less kindly person might suggest that they represent an attempt to prevent competition with surface transportation.

The position of the government is that if the helicopter has merit—and we hope it will have—it should be permitted to develop as an independent system of transportation and not be limited in its scope or confined in the area which is served by a form of surface transportation. It is with that thought in mind that this bill has been drawn, and the responsibility of the federal government for regulating the use of the airways will be exercised in the matter of the helicopter just as it is being exercised in the control of the aeroplane.

Mr. MacNICOL: Would the present bill permit or prevent the use of the helicopter?

Mr. HOWE: It would make it very difficult for the helicopter to be owned by a bus line, or by any other form of surface transportation.

Mr. FRASER (Peterborough West): I personally feel that towns and cities away from the main transcontinental lines should have some ways and means of getting down to the different points where these transport planes cross the continent. If you cut out these small companies or bus lines, what chance have these cities and towns? They have not any chance at all, because the minister knows

that it will be years and years before the service will be furnished otherwise, and if the government try to do it they will in many cases lose money. These firms are willing to see if this form of transportation can be operated profitably; if it cannot, they are prepared to lose the money. That is the chance they take.

Mr. HOWE: It is the opinion of the government, and my own opinion, that the development of the helicopter is much more likely to be sound and its use extended to give the service which my hon. friend desires, if franchises are not given out prematurely, and if its development is separated from the confines of surface transportation.

Mr. FRASER (Peterborough West): Then should it not be put in this bill that provision will be made when helicopters come into practical use? I might mention that it is some seven years ago since I had a trip in one of these gyroscope machines. It landed in a space not half the size of this chamber. I had a very nice ride, and I thought at that time, and I still think, it is a coming means of transportation.

Mr. HOWE: The art of the gyroscope is exactly where it was when my hon. friend took his ride.

Mr. FRASER (Peterborough West): I know, but the helicopter has gone ahead; there are now new patents on it, and I understand that some helicopters have been built in the United States.

Mr. ROSS (St. Paul's): Is jurisdiction over provincial aviation included in this bill? Is there jurisdiction over the helicopter lines which would be in the province of Ontario?

Mr. HOWE: The privy council has decided that the federal government has jurisdiction over the use of the air.

Mr. ROSS (St. Paul's): In support of what the hon. member for Peterborough West has said, I would point out what happened in Toronto in connection with buses. It was up to the city, not because they wanted to do it, but because it was necessary to give service to the outlying districts, and if it had not been for the transportation commission we would not have had that service. We had many bus lines going into liquidation, and the people in the surrounding country insisted on the Toronto Transportation commission giving the service. They lost a lot of money when they started and it will be exactly the same in the helicopter business. How much will it cost to incorporate one of these small companies the minister is talking about, the one running between Toronto and Peterborough? How many machines will they have; what will be the capital investment, and where will they get the money, with all the things that go with it, all the organization that is necessary, and so forth? To my mind this business of small companies is so much eyewash. The work cannot be done as efficiently as it could in some other way. If a big firm like the Toronto Transportation commission wishes to take it on, it should be allowed to do so because it has the organization.

Mr. STIRLING: When the minister was outlining the civil aviation policy some weeks ago he said, I remember, that it was not the intention of the government to entertain applications from those in another country who desire to set up a service in Canada unless the application came through the government of that country. I expected to find that in this bill but I do not find it. Where would such power be found, and is it still the intention of the government to follow that plan?

Mr. HOWE: That arrangement is by international agreement. It has been functioning between Canada and the United States during the last several years. It is purely a bilateral agreement that may be varied by mutual arrangement, but it has no place in this bill. This bill deals with aviation within Canada.

Mr. STIRLING: Is it the case that at the present time no application from an air-line company at present existent in the United States would be entertained by Canada?

Mr. HOWE: That is correct.

Mr. ROSS (St. Paul's): Has Canada received any applications for entry permits into the United States at the present time? How many entry permits have we for aeroplanes into the United States from Canada?

Mr. HOWE: Is the hon. member asking whether we have franchises to operate in the United States?

Mr. ROSS (St. Paul's): Yes.

Mr. HOWE: We have one from Toronto to New York.

Mr. ROSS (St. Paul's): How many from the United States into Canada?

Mr. HOWE: Eight, I believe.

Mr. ROSS (St. Paul's): Is there some *quid pro quo* as far as transportation between Canada and the United States is concerned? I submit that there ought to be. Are we to allow them to carry everything by plane, or

are we to have some part of that transportation? Something should be done to balance things up a little.

In connection with a report from Washington by Chester A. Bloom, I should like to ask the minister one or two questions. He has probably seen this report, which states:

Simultaneously with the issuance of a long list of prospective U.S. air routes to virtually every big city and capital around the world, the U.S. government's civil aeronautics board on Tuesday gave notice of abandonment of the "chosen instrument" notion.

The board did that by stating it would call for applications from all the private air line corporations to fly the prospective routes—after they have been negotiated with foreign governments.

Does that mean that the United States is just going out to do all this? What position does it put Canada in? The report goes on to say:

The board stated that it had omitted services from the United States and Alaska terminating in the contiguous countries of Canada and Mexico.

I suppose that means border crossing. Further:

Goose airport at the head of Hamilton inlet on the Labrador coast, was built since the war began by Canada on land leased from Newfoundland. During the war it has been used as a "ferry base" and from its 6,000-foot runways the biggest warplanes have taken off for the United Kingdom.

Airmen express preferences for Goose over the Newfoundland airfields since its weather is better, being almost clear of fog.

The C.A.P.—

That is, the coastal air patrol plans.

—plans calls for stops at undetermined points in Labrador or Newfoundland on all north Atlantic flights which it has outlined. So far as is known, Goose airport is the only sizable base in Labrador at present and high R.C.A.F. officers and Canadian government officials have emphasized that Canada intends to keep this military field in operation after the war.

That means, I suppose, that Canada is going to keep that for herself after the war. Could the minister let us know what our position is in connection with this international air travel n view of this statement which was issued rom Washington on June 14?

Mr. HOWE: This bill has no reference to aviation outside Canada; its jurisdiction is confined to this country. There is no reference in the bill to international aviation.

Mr. ROSS (St. Paul's): This board has nothing whatever to do with international aviation?

Mr. HOWE: Except as it may advise the government on aviation, the board has no power to make laws governing international aviation. Such matters are subject to international agreement.

Mr. GILLIS: I do not wish to retard the progress of the bill but I want to emphasize what the member for Rosetown-Biggar (Mr. Coldwell) had to say with regard to the inclusion in the bill of some provision that would protect the employees of any company who might be licensed under this measure. As I see the bill, it is intended to regulate the field of transportation in the air in the future; that is all. It is setting up a board which will be responsible through the minister to the house. While the minister's observations in reply to the hon. member for Rosetown-Biggar may be to some extent reasonable, at least as applying to companies operated by the government, this board will, in my opinion, be granting licenses to many private companies, and under this bill some arrangement should be made whereby employees of the companies receiving licences should be protected. There should be a clause in the bill making provision in that regard. The minister's remarks on the whole matter of the labour code as it applies to industry throughout the country were not realistic. During the process of fighting the war the one thing that we lacked in the field of labour throughout Canada was some regulation of industry. I do not think the experience of the Canadian Broadcasting Corporation has been too happy. The same can be said of other fields of industry where the government have some control over the industrial set-up. I have no desire to discuss this thing farther than to emphasize that point. Under this bill the board will be granting licences to a lot of people, and in my opinion there should be some clause to protect the employees.

Mr. COLDWELL: The Railway Act has, I believe, some provision governing the issuing of passes to favoured customers and so on. Would it not be wise to have some provision in this bill as well to prohibit the use of passes and cut rates to certain types of customers? I thought I should bring that to the attention of the minister.

Mr. HOWE: There is a section of the Railway Act that governs the matter. The provision here is that the matter will be handled by regulations approved by the governor in council. It is difficult to write in the bill the exact provision. I may say that passes are very much more limited in the air than in the trains, and necessarily so, considering the limited carrying capacity of aeroplanes. The fact is that outside of certain employees who are allowed to ride, provided that the space is available, there are no passes in air transport.

Mr. COLDWELL: I was thinking of the time when a number of private companies

are licensed. I know what is done in the Trans-Canada Air Lines, but this is the governing legislation for the future.

Mr. HOWE: Yes, that is right.

Mr. COLDWELL: That is what I was thinking of. These passes may be used by companies for favoured customers?

Mr. HOWE: Yes.

Mr. COLDWELL: And something should be done—

Mr. HOWE: I agree with my hon. friend that the regulations provided for in the bill must govern. I think more study would be required before a clause could be inserted in the bill.

Mr. COLDWELL: But it is under consideration?

Mr. HOWE: Yes.

In connection with the labour clause in the agreement, I may say that during my period as Minister of Transport I was asked to amend the Railway Act on many occasions, but I was never asked to put a labour clause in the act. I feel the position there is similar to the position in the airways. It seems to me that we have general labour provisions which are adequate and which would apply to the airways as well as to the railways and to other employees. I would hesitate to put into an act which is seldom revised provisions that to-day may be in conformity with general government policy, but which ten years from now may not be in conformity. I think there would be a conflict which would be unfortunate. I suggest that employees of the air lines have all the protection that they require in the general labour legislation of the country.

Mr. DIEFENBAKER: How many licences have been applied for for routes within Canada by provinces within the last year? In how many cases has the minister directed the board of transport commissioners not to consider applications that were before it?

Mr. HOWE: I could not say the number of applications that have been made; there have been many. The second question was, in how many cases have we directed the board of transport commissioners not to consider the application. The answer is, never, or none, or whichever word is appropriate. I would, however, point out that a new route cannot be granted by the board of transport commissioners under present legislation until the route is established by order in council. In other words, it must be designated by the government as a route under the Transport Act before the route can be allocated and a franchise given. The government has not allocated all the routes that have been applied for in the applications.

Mr. DIEFENBAKER: Perhaps the minister will be able to furnish the information to-morrow?

Mr. HOWE: The number of applications, yes.

Mr. DIEFENBAKER: I would point out one thing that requires elucidation from the minister in connection with the answer to the second question. It has to do with the application that was made for an airways route between the cities of Saint John and Halifax. The minister was asked a question in regard to that matter early in this session, and at page 125 of *Hansard* he gave an answer that is not in accordance with the answer that he has just given. The hon. member for York-Sunbury said:

> My understanding is just this—and may I say that that is no reason—that they did not choose to deal with the application. Who told them not to do so?

The hon. member was referring to the board of transport commissioners. The minister replied as follows:

> Mr. Howe: I did.

I should like the minister to explain the circumstances in connection with the application for that route; for apparently when he was asked the question some months ago he said that he told them not to deal with the application. His answer this evening is, in no case did he tell them not to. Could he explain what he meant when he used those words in *Hansard* in February last?

Mr. HOWE: Perhaps I had better not go into the circumstances. If *Hansard* reports me as having said, "I did," we will assume that was the answer I gave. As a matter of fact, Nova Scotia is a prohibited area in war time, and new routes would not ordinarily be authorized into that area. They never have been. There have been several applications, made from time to time, to operate a route from Saint John to Halifax. If my memory serves me correctly, the first application was from the line that operates from Moncton to Charlottetown; I think it is Maritime Airways. There was also an application for a route from Canadian Pacific Air Lines. Before either application was filed Trans-Canada Air Lines had announced they intended to operate a route from Blissville to Halifax, with connection from Blissville to Saint John and Fredericton by bus. None of the routes has yet been

operated. The route from Saint John to Halifax has never been declared a route within the meaning of the Transport Act.

Mr. HAZEN: May I refresh the minister's memory again about—

The ACTING CHAIRMAN (Mr. Golding): The hon. member for Cape Breton South has the floor.

Mr. GILLIS: I wish to pursue the matter of protecting the employees who may be employed on the airways a little farther. The minister said that in connection with the railways there was no necessity for a regulation of any kind. He must remember that the men on the railways have trade union agreements.

Mr. HOWE: That is what they have on the airlines.

Mr. GILLIS: They fought for those agreements for many years and had a lot of difficulty in regard to them. If the men on the air lines had regular trade union agreements signed by representatives of the employees of the air lines in so far as the Trans-Canada Air Lines is concerned I am quite satisfied. But I am thinking about the future. I do not know who is to administer this bill. It puts a lot of latitude in the hands of the minister. We do not know who the board will be. The minister who will handle this bill will have a lot of authority and a lot of latitude in reporting to this house. We do not know who is to be in this house or who the minister will be. In putting through this bill, I think we should put in the hands of the people who will license air lines in the future something that will protect the employees without any guesswork about it, or any hope, or anything like that; we should be definite and insert the provision in the bill. If Britain and the United States thought it necessary in 1936 and 1938 to write definitely into their aeronautics acts the clauses which were read to-night by the hon. member for Rosetown-Biggar, I am sure we would not be doing anything wrong if we inserted a similar clause for the protection of the people who are to operate the lines and for the protection of the employees of those air lines in future.

Mr. ROSS (St. Paul's): Are all cross-border routes to be operated by Trans-Canada Air Lines?

Mr. HOWE: There is no provision to that effect in the bill, but the announcement of government policy made it quite definite that this is the purpose of the government.

Mr. ROSS (St. Paul's): Has the government received any applications for cross-border routes up to the present time?

Mr. HOWE: From Canadians?

Mr. ROSS (St. Paul's): Yes?

Mr. HOWE: No.

Mr. DIEFENBAKER: I should like to ask the minister one general question. Under the Transport Act the board of transport commissioners had very wide powers of a judicial or at least quasi-judicial nature. Now a change has been made, as far as air transport is concerned, and the new board under this bill is to have none of those quasi-judicial powers. In fact the powers of the board are to be very much limited and, in the main, under the control of the minister. What has occurred to make that change necessary? Why has it become necessary to alter the powers of the board as far as air transportation is concerned, to do away with their judicial functions and to place them in a position where their decisions may be limited or controlled by the minister himself?

Mr. HOWE: The board being established under this bill has all the judicial functions of the board of transport commissioners; in fact it has more extensive powers than that board, in that it will work under a measure that is less restrictive than the Transport Act. This measure purposely has been left in an elastic form, subject to regulations which will be drawn by the board itself. The intention is not to set out jurisdiction which is restrictive in character but to allow the board to build up its own jurisdiction. If my hon. friend will read the bill carefully he will see that the judicial functions of the board are not subject to review by the minister. Provision is made for appeal to the minister in certain cases, but that is only an appeal, just as there is provision for an appeal from the board of transport commissioners to the privy council.

Mr. JOHNSTON (Bow River): I wish to ask another question about this labour code. Perhaps we would not be very far wrong if we inserted in this bill some protecting clause with regard to labour. I may be wrong, and, if so, the minister will correct me, but I do not think there is anything in this bill which would prohibit employees of this government-created airways company from belonging to any union of their choice; nor would there be anything in it barring them from signing agreements with any of the unions. I should like that made clear. Is there anything at all

which would bar these workers from joining any union of their choice, or from making union agreements with the company? If there is, I think that is wrong.

Mr. HOWE: There is nothing in the bill barring employees from doing anything they wish to do. At the moment they are members of an international union. I think all pilots in commercial work in Canada are members of an international union; they have their agreements with their employers and are in exactly the same position as the railway men. To my mind the position is very happy, and I think we would only complicate the situation if we did what my hon. friend suggests. I doubt very much if the union itself would favour writing into the bill provisions which, as I say, may be out of date if the labour code as a whole should be changed. These employees are certified under the act as members of a union, competent to appeal to the labour relations board of the dominion, and I think that is the position they would prefer to be in.

Mr. GILLIS: They are certified now?

Mr. HOWE: Yes.

Mr. GILLIS: I am afraid that in future they might be classified as technical employees. The engineers across Canada have a claim before the board now—

Mr. HOWE: Does my hon. friend refer to railway engineers?

Mr. GILLIS: No.

Mr. HOWE: Professional engineers?

Mr. GILLIS: Yes; they are tangled up on that basis. Just a short clause stating that they have the right to make trade union agreements and to organize would protect them. Of course, if they are certified now and have bargaining rights under the code, that is fine; but I should like to see it included in the bill. That code can be changed at any time.

Mr. HOWE: I doubt if my hon. friend is speaking for labour organizations now. I have never been asked to include a labour code in an act.

Mr. GILLIS: I doubt if there is anyone in the labour movement in Canada who would not want a clause provided in connection with an industry that will be as important in the future as aviation, stating that the employees of this industry have the right to bargain collectively. That is all it amounts to.

Mr. HOWE: I will say this, that the pilots' organization is very wide awake; the association has had time to apply for the protection my hon. friend suggests, but it has not done so. To me this is an indication that it is not greatly interested in having a clause of that kind inserted.

Mr. GILLIS: They take it for granted that in the government set-up they will have that right. The people I am speaking of are those who may be employed by the feeder lines which this board will license and who will not come under the government set-up.

Mr. JOHNSTON (Bow River): I take it that they have that right now.

Mr. HOWE: They have that right now.

Mr. JOHNSTON (Bow River): Anyone working on the line.

Mr. GILLIS: But this board has the right to license other lines.

Mr. JOHNSTON (Bow River): I should like that cleared up. I take it that all employees, whether they are on the feeder lines or on the government line, will have the right to join a labour organization and to carry on collective bargaining.

Mr. HOWE: Yes, they have the right to collective bargaining; they can be certified by the board, and the provisions of the labour relations act will apply. There is no doubt about that. The idea is firmly established all through the aircraft industry among the airmen, the mechanics and all other branches. It is well understood that there are recognized unions certified as bargaining agents, and that anyone who applies to be certified can qualify. There is no question about it.

Mr. GILLIS: Does that apply to the C.P.A. lines too?

Mr. HOWE: Yes.

Mr. GILLIS: It does not apply to both railway lines. Certain employees of the Canadian Pacific have not bargaining rights, while comparable employees of the Canadian National have.

Mr. HOWE: I cannot say as to that, but certainly the aircraft men of both organizations have bargaining rights.

Mr. GILLIS: The minister is quite emphatic about it as far as the main lines are concerned, but once this board is set up, supposing Maritime Air Lines, for example, a feeder line, makes application. The board grants them a licence to operate the line and they can suit themselves as to the treatment of the employees. That is private enterprise. You are placing the employees in a position where they will have to fight for organization

of a union, taking a vote, getting a certificate under the code, and everything else. The code should be put in the bill to protect the employees. It would simply be inserting in the bill a principle which the government is giving effect to on the main line to-day.

Mr. HOWE: Writing a provision of that kind into the bill would place employees of air lines in a position which no other employees in this country enjoy. All employees throughout the country are protected by the government's labour code, under conditions set out in the code. The application of the code to the air lines is well established, and I see no reason why the employees of airlines should be placed in a different position from other employees throughout Canada. If we provide specially for them in the bill, then in years to come that measure might conflict with the general labour act of the federal government.

Mr. DIEFENBAKER: The minister stated in answer to my question that the new board would have the same powers as the old board. Looking over the bill, I cannot come to that conclusion. Under the Transport Act the powers of the board are set out in section 13, subsections 1 to 5, as follows:

13. (1) The board may, notwithstanding anything contained in the Aeronautics Act, subject to the provisions of this part, license aircraft to transport passengers and/or goods between specified points or places in Canada or between specified points or places in Canada and specified points or places outside of Canada.

(2) The licence shall be issued in the name of the owner, lessee or other person entitled to engage in transport by air by means of such aircraft.

(3) The licence may apply to one or more aircraft.

(4) The board may in the licence prescribe the route or routes which the aircraft named therein may follow and the schedule of services which shall be maintained.

(5) The board shall not issue a licence without being first satisfied that the proposed service is and will be required by the present and future public convenience and necessity.

As I understand it, this new bill alters in effect the powers of the board. I will refer to the sections in order to bring the matter to the attention of the minister with a view to securing an answer to the questions that I asked.

Under the new bill the only provision for the independence of the board is to be found in section 7, which states:

There shall be a board to be known as the air transport board consisting of three members appointed by the governor in council.

Subsection 7 of section 7 deals with the independence of the board and provides that the members of the board shall not directly or indirectly engage in the manufacture or selling of aircraft, and so forth. The minister has stated that the board to be constituted under this bill has the same powers as the former transport board. The only section that gives it any powers at all is section 8, which provides:

The board may make rules for the regulation of its proceedings and the performance of its functions and duties under this act.

That section simply provides that the board shall have certain powers with respect to its own administration. But when it comes to the exercise of judicial or quasi-judicial powers there are many alterations in the powers. Section 11 provides:

Subject to the approval of the governor in council, the board may make—

—certain regulations, and I am not objecting to that at the moment. Section 12 is the important section. It states:

(1) Subject to the approval of the minister, the board may issue to any person applying therefor a licence to operate a commercial air service.

In other words, the board has not the wide powers that it previously had. Under the old act it was untrammeled in the exercise of its powers, but under this bill it may only issue a licence subject to the approval of the minister.

Mr. McLARTY: Read subsection 3.

Mr. DIEFENBAKER: Subsection 3 of section 12 reads:

The board shall not issue any such licence unless it is satisfied that the proposed commercial air service is and will be required by the present and future public convenience and necessity.

But subsection 3 I would point out, and I am sure the Secretary of State will agree with me, is again subject to subsection 1, where the approval of the minister is required before any licence may be issued.

Mr. HOWE: Not at all.

Mr. McLARTY: It is a definite restriction, as I think the hon member for Lake Centre will agree.

Mr. HOWE: Nowhere in this legislation is the minister given power to compel the board to issue a licence. The issue of the licence is subject to the approval of the minister, but the board can refuse to issue the licence. My hon. friend is trying to confuse the committee.

Mr. DIEFENBAKER: I am not trying to confuse the committee. I am trying to ascertain the reason why these changes are being made. I want to know what has occurred to

make it necessary to remove from the board of transport commissioners, in so far as air transport is concerned, the absolute power that it had under the old act.

Again subsection 4 of section 12 provides:

> The board shall not issue any such licence unless and until an operating certificate has been issued by the minister to the operator of the proposed commercial air service certifying that the holder thereof is adequately equipped and able to conduct a safe operation as an air carrier over the prescribed route.

In other words, if the minister takes an arbitrary stand and says that in so far as any particular applicant is concerned he will not grant a certificate, the board is powerless to grant a licence.

In so far as the right of appeal is concerned, which the minister has mentioned, no licence can be granted by the board unless there is a certificate by the minister approving the issuing of the licence. Then provision is made for an appeal under subsections 8, 9 and 10 of section 12. After the minister has determined that he will approve the issue of a licence subject, we will say, to certain qualifications there is an appeal to the minister from the board which is responsible to the minister for determining in the first place whether or not a licence should be granted. In other words, what this bill says to-day is that a licence may be issued by the board only, with the approval of the minister, after a certificate has been granted by the minister as to the satisfactory nature of the qualifications of the company.

As I see it, under these regulations the board of air transport will have no independence. In the first place, it will be subject to the control of the minister in the issuance of licences. While the board may draft motions, under the sections I have mentioned it is subject to the final control of the minister. While it has all the outward appearances of being an independent body to administer the law in so far as air transportation is concerned, free and uncontrolled, it is in fact a body subject to the control of the minister. In this connection I should like to refer to the report by the Lord High Chancellor of Great Britain covering the committee on ministers' powers. This committee reported in April, 1932, and condemned the setting up of boards with judicial or semi-judicial functions which were in fact controlled by a minister. I quote from page 78 of the report as follows:

> We are of opinion that in considering the assignment of judicial functions to ministers, parliament should keep clearly in view the maxim that no man is to be judge in a cause in which he has an interest. We think that in any case in which the minister's department would naturally approach the issue to be determined with a desire that the decision should go one way rather than another, the minister should be regarded as having an interest in the cause. Parliament would do well in such a case to provide that the minister himself should not be the judge, but that the case should be decided by an independent tribunal.

The board can grant a licence only with the approval of the minister; yet the appeal sections of the bill provide that where the board refuses to issue a licence, issues a licence which differs from the licence applied for, or attaches conditions to which the applicant objects, an appeal may be made to the minister. If a licence were not granted because the minister would not give his approval, what good purpose would there be in taking an appeal? As I read this new bill, it simply means that parliament is delegating authority to a semi-judicial body, while at the same time it is restricting the use and exercise of its powers. There are no safeguards under this bill against the objectional exercise or abuse of the minister's powers. The minister is being put in the position of being in control over the right of any individual to secure a licence to operate air transportation services. As far as the board is concerned it can act only with his approval. Under this bill, if the minister were to refuse, wrongly or unfairly, to approve the issue of a licence there would be no means whereby the person aggrieved by the decision could have an appeal except to the minister himself. I submit that that is a dangerous principle. The individual would have no recourse to the courts for the preservation of his rights; however qualified he may be to have a licence, the final determinant of his rights is not this board with judicial or quasi-judicial powers, but is in fact the minister.

While the minister glibly brushes aside this argument, the fact remains that the bill in its present form confers power upon him to determine the right of a person to have a licence, however qualified that person may be, however qualified a corporation may be, to operate and to receive a licence. That person or corporation would have no recourse except to appeal to the minister. This is going a long way along the road whereby the minister becomes the determinant as to who shall or shall not operate air lines in this dominion. I should like to know why it became necessary to alter the powers which the board of transport commissioners held with respect to airways. The power of that board was absolute, subject, of course, in war time to the order in council that has been passed. Why is it necessary for the time ahead, for the days of peace which we believe are approaching, for the minister to

have such absolute powers? I submit that there is a great principle at stake and a further explanation should be given by the minister.

Section stands.

Progress reported.

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

Tuesday, June 20, 1944

The house met at three o'clock.

PENITENTIARIES

CONFINEMENT OF CONVICT PENDING DETERMINATION OF HIS APPEAL

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): I should like to direct a question to the Minister of Justice and to call to his attention a comment made yesterday by the Chief Justice of Ontario in the appeal court of that province in which he stated that it did not seem to be in the interest of public security to keep men sentenced to penitentiary in local gaols. In view of the recent escape from the Don gaol in Toronto, will the minister give consideration to reviewing section 49, subsection 2, of the Penitentiary Act with a view to meeting the situation mentioned by the Chief Justice?

Hon. L. S. ST. LAURENT (Minister of Justice): I thank the leader of the opposition for calling my attention to this comment of the Chief Justice of Ontario. Of course, men sentenced to penitentiary are kept in local gaols only during the time when they are entitled to appeal from the sentence to penitentiary, but the question whether or not, even during that time, they should be left in the local gaols will be inquired into by the officers of the department. It must be realized that there would be inconvenience in moving to the penitentiary during that period prisoners whose sentence to penitentiary has not become definite. However, the advantages and disadvantages will be given careful consideration.

PETROLEUM PRODUCTS

STATEMENT OF PRESENT POSITION AS TO GASOLINE AND FUELS

On the orders of the day:

Hon. C. D. HOWE (Minister of Munitions and Supply): Some weeks ago the hon. member for Waterloo South (Mr. Homuth) asked me to give the house a complete outline of the present fuel position. I undertook to do so, and accordingly, I will now give the statement on the position of petroleum products, both gasoline and fuels. I have delayed making this statement to observe the effect of the invasion of Europe which was launched on June 6, and the effect on Canada as far as the supply and consumption of petroleum products are concerned. The Canadian position is affected chiefly in the matter of aviation and motor gasolines.

Our position at this moment may be summed up as follows: If the allies are able to win a reasonably quick overpowering victory, our position will probably not deteriorate to the point of further curtailment, due entirely to the conservation measures we have introduced and enforced. If, however, the invasion should develop into a long bitter struggle, there is a probability that we may all have to do with less gasoline in Canada. Our only possible course is to continue to conserve every possible gallon of gasoline. Needless consumption of gasoline robs our fighting men of the fuel they will require for their planes and motorized equipment, and that we cannot permit.

I would ask you to note that the total consumption of gasoline in Canada includes aviation gasoline, the consumption of which has necessarily risen to staggering proportions. And it is this increase, with other war essentials, which has been responsible for any increased consumption shown. None of us can quarrel with any quantity of gasoline properly used for such purposes.

I will now state the position with regard to motor gasoline, and for purposes of comparison I will deal with the four yearly periods each ending on March 31, for the years 1941 to 1944 inclusive.

Motor gasoline consumption in Canada in these periods for all purposes including the armed services, the Alaska highway, agricultural, and other war essentials, was as follows:

Year ended March 31	Gallons
1941	882,216,930
1942	944,178,060
1943	787,710,630
1944	814,248,820

It must be borne in mind that in these four years we had the great growth in our war effort. We had to service the trucks and equipment for the construction of over one hundred and twenty additional airports for the R.A.F. and the R.C.A.F., many far removed from rail head. Also, the trucks and equipment for the construction of the Alaska highway and a greatly increased truck haulage of materials from our widely scattered war plants.

We had to meet ever increasing demands of the armed forces and other essential uses iden-

tified with the war. We took care of all of these demands and at the same time reduced the consumption of motor gasoline slightly under the consumption for the year 1939 which totalled 824,997,390 gallons.

Motor gasoline consumption was increasing rapidly in the immediate pre-war years, and on the basis of the percentage increase which was current in those years, we estimate that motor gasoline consumption for the year ended March 31, 1942, would have exceeded 980,000,000 gallons had it not been for the voluntary conservation campaign which was launched in 1941.

In the year ended March 31, 1943—the first ration year—motor gasoline consumption totalled 787,710,630 gallons, or 156,467,430 gallons less than the actual consumption of the previous twelve months, and 192,289,370 gallons less than the estimated consumption of 980,000,000 gallons to which I have just referred.

While motor gasoline consumption at the close of the second year of rationing showed an increase of 26,538,190 gallons over the year ended March 31, 1943, direct sales to the armed forces and sales of marked gasoline used chiefly in agricultural machinery increased by 10,640,000 gallons and 30,940,000 gallons respectively. There was, therefore, an actual decline in consumption of motor gasoline during the second complete year of gasoline rationing of 15,050,000 gallons.

If we assume that consumption for the years ended March 31, 1943, and March 31, 1944, would have reached at least 980,000,000 gallons—which is the actual indicated consumption for the year ended March 31, 1942—the voluntary appeal and two full years of gasoline rationing have effected a total saving of approximately 393,750,000 gallons of motor gasoline, which is about one-third of our total annual consumption at the present time.

I point out that inventories as of March 31, 1944, were 55,000,000 gallons less than at the commencement of rationing, at which time the stocks on hand were uncomfortably low.

Before I deal with aviation gasoline, I would remind hon. members that both motor and aviation gasolines come from the same sources, sources which must supply the tremendous demands of the allied armed forces. When we consider that it requires 2,000 gallons of fuel to move an armoured division one mile, that a fleet of 5,000 bombers and escort fighters raiding Germany uses up some 5,250,000 gallons of aviation gasoline, we can readily see wherein lies our responsibility. These fighting men must not lack fuel for one single instant because of our carelessness, selfishness, or waste.

I will now give you consumption figures for aviation gasoline supplied from Canada, and these figures will indicate the importance of aviation gasoline to the Canadian war economy. Canada could not become the hub of the world's largest air training plan without sending Canadian consumption of aviation gasoline to staggering heights. By way of example, I would point out that in one thirty-day period, aircraft operated by R.C.A.F. in Canada and Newfoundland consumed an average of 548,000 gallons of aviation gasoline per day.

The figures I have for aviation gasoline, including exports from Canada, are for the five calendar years commencing with 1939 and ending with 1943, and for the twelve months ending March 31, 1944. These figures are as follows:

	Gallons
1939	5,453,980
1940	12,661,425
1941	57,181,005
1942	119,740,110
1943	173,208,910
1944 (year ended March 31)	176,298,570

As a further indication of what the balance of this year holds in store for us, I am advised that an estimate made before the invasion indicated that we shall have to move offshore this year four times as much aviation gasoline as we did last year. What this estimate will be now, I cannot say.

I do not think it is advisable at this time to disclose aviation gasoline inventories. Meanwhile, although Canada must provide all the fuels required by its own navy—which, as hon. members know, has expanded from 13 to more than 700 vessels; although we must fuel all the bombers leaving Labrador and Newfoundland for England and leaving Edmonton for Russia; although we must fuel aircraft operating under the commonwealth air training plan, the convoys leaving our shores, the army, war factories, agricultural machinery for food production, and essential transportation, not one aircraft, ship, or machine tool has ever been stopped because of lack of fuel. We have not failed, and we must not fail.

I have pointed out to hon. members on more than one occasion that we are dependent on outside sources for 85 per cent of our petroleum product requirements, 60 per cent of which must be brought in by ocean tanker transportation which has been in short supply since 1941. We are drawing on the same sources, inventories, and transportation facilities as our allies. Coupled with this, we now face a dwindling crude oil supply. The war—

particularly now the invasion is in full swing—is making greater and greater demands upon the crude oil and transportation facilities of this hemisphere. We have to continually review our position in order to assure our allies that we are not asking for crude oil and transportation beyond our needs. Our stocks are too far below normal to carry us any distance without replenishment. Motor gasoline coupons outstanding and to be issued are based upon our inventories and projected imports which we estimate are sufficient to honour each coupon. This is not a time for other than the most essential driving. Everyone should let his conscience be his guide in using gasoline of any kind to-day—this applies to the armed forces, the farmer, and everyone else in the country.

Let me repeat: Every barrel of petroleum products we can do without means that much more for the theatres of war and the transportation to get the material there.

I will now discuss light and heavy fuel oils used for heating by Canadian homes and for heating and processing by Canadian industries. As a result of conservation measures taken on this continent, hon. members will note that whereas consumption of heavy fuel oil has dropped slightly, the consumption of light fuel oil has risen steadily since 1940. Without conservation measures our position would have been hopeless long before this, with the likelihood that many schools, office buildings, apartment houses, and homes would have been without heat last winter.

Consumption, including exports, of light fuel oils for the calendar years 1940 to 1943 and for the twelve months ending March 31, 1944, are as follows:

	Gallons
1940	201,613,895
1941	247,578,450
1942	251,388,585
1943	267,139,355
1944 (year ended March 31)	267,166,655

Light fuel oil, such as is used for heating homes, is an important commodity in the war effort, as it includes diesel oil used for propulsion of tanks and other army equipment, as well as oil for special heat treating furnaces for the annealing of metals, and for other essential uses in industry.

Heavy fuel oil consumption, including exports, for the four calendar years 1940 to 1943 inclusive, and for the twelve months ending March 31, 1944, are as follows:—

	Gallons
1940	510,191,850
1941	590,816,485
1942	594,590,360
1943	560,791,910
1944 (year ended March 31)	587,830,460

These figures do not include heavy fuel oil consumed by oil refineries.

At the inception of oil control we did not have in Canada an organization comparable to the American Petroleum Institute; therefore statistics kept in 1939 make no distinction between light and heavy fuel oils, but their combined consumption in that year was 589,921,360 gallons as compared with 711,805,745 gallons for 1940, 838,394,935 gallons for 1941, and 874,383,195 gallons for the year ended May 31, 1942.

Realizing that the consumption of light and heavy fuel oils might reach a point beyond our ability to supply, an appeal was made to the public in the fall of 1941 to convert to substitute fuels, and conversion for certain large groups of users was made mandatory on September 1, 1942. To what heights the consumption of light and heavy fuel oils might have risen without restrictions I cannot say, but in reviewing the increases over the years 1939 to 1944 it is reasonable to assume that a saving of at least 175,000,000 gallons was effected.

Light and heavy fuel oil inventories at March 31, 1944, were 4,650,065 gallons and 17,475,500 gallons respectively higher than a year ago. Because the heavier crudes we now have to run yield larger quantities of heavy fuel oil, restrictions on the use of heavy fuel oil have been lifted in all provinces except British Columbia. The situation on the west coast to-day is more critical than it has ever been since the outbreak of the war. The petroleum product requirements of the fighting forces in the Pacific are such that the oil-producing state of California is unable to meet these demands, and heavy importations are now being made from other points in the United States to California. This, of course, affects our position in British Columbia, and we are to-day moving crude oil from Colombia and Ecuador in South America to Vancouver —some 4,200 miles, or five times the distance of our previous source of supply. This has created a serious transportation problem, and it will be touch and go whether we shall be able to care for the most essential services in British Columbia.

In the winter and spring of 1942, when the supply of domestic fuel oil became acute and I announced on the floor of the house that there was evidence that this country would be short of this commodity, a number of citizens voluntarily changed over from oil to an alternative form of heating.

While no general relief can be made in respect to the use of light fuel oil for any

purpose, we have, as a result of the mild winter just behind us and the cooperation of home owners in reducing their consumption to the minimum, built up a slightly better inventory position which will permit owners of bona fide residences who voluntarily converted when requested to do so in 1942, to reinstal oil burning equipment in their homes, provided that the equipment has been continuously in their possession. This does not permit new installations.

In closing, I wish to state once again that our position in the matter of petroleum fuels is not improving, and this in spite of the best efforts we have been able to make toward conservation. Careful planning has provided gasoline available to the public in quantities sufficient to honour gasoline and fuel oil coupons which had been issued. In that respect we are more fortunate than any other country. Possibly the fact that we have kept petroleum products available for legitimate users has led to a popular belief that the supply of these products is not a critical matter. If so, the impression is erroneous and unfortunate. I am happy to say that the misuse of petroleum products has been kept to very small proportions, due wholly to the vigilance of the government's enforcement officers. I appeal for the support of the public in preventing these abuses. With the support of the public, I am hopeful that our supply position can be maintained at its present level. Without public support, I am certain that our supply position must deteriorate. Should war consumption continue at its present level for any considerable period, it is unlikely that we can avoid further curtailment in any event.

PRODUCTION OF ALCOHOL FOR FUEL PURPOSES

Mr. BLACKMORE: I should like to ask the minister whether any measures have been taken in Canada to increase our production of alcohol for fuel purposes.

Mr. HOWE: We are producing alcohol to the full capacity of the available productive plants, but that alcohol is being used for the manufacture of synthetic rubber rather than for fuel.

Mr. BLACKMORE: We are interested in ascertaining whether the government have taken all reasonable measures to increase the capacity of the productive plants in Canada. Have they endeavoured to build factories for the manufacture of alcohol for fuel?

Mr. HOWE: I think so; yes.

Mr. BLACKMORE: Will the minister tell the house whether or not increased factory facilities were provided in Canada in 1943 for the manufacture of alcohol for fuel purposes?

Mr. SPEAKER: The minister may treat what the hon. member has said as a notice of question, to be placed on the order paper.

Mr. BLACKMORE: I will add three more years; I want to know what has been done.

SUGAR

INQUIRY AS TO INCREASE IN RATION FOR HOME CANNING

On the orders of the day:

Mr. M. C. SENN (Haldimand): I should like to address a question to the Minister of Finance or his parliamentary assistant. I am doing so at the request of my colleague from the county of Lincoln (Mr. Lockhart), whose constituency is one of the largest producers of small fruits in Canada. According to an article appearing in *The Country Gentleman* of May, 1944, the O.P.A. in the United States has eased its rules for home canning this year. They allow sugar totalling twenty-five pounds for each member of the family, and no limitation is placed on the amount of sugar that may be used for jams, jellies and preserves. In view of this change in regulations, has the government given consideration to the advisability of increasing the ration of sugar for home canning in Canada, and, if not, will it do so immediately? This matter is urgent, because strawberries are already in full production and will be followed by raspberries, cherries and so on, in rapid succession.

Hon. J. L. ILSLEY (Minister of Finance): I am sorry I cannot give the hon. gentleman an answer before Thursday. I believe there are reasons for the difference between the systems of rationing in Canada and the United States, and I will present those reasons when I answer the question. My understanding is that our ration goes as far as our allocation will permit, but I will give a more complete answer on Thursday.

COAL

INQUIRY AS TO APPOINTMENT OF ROYAL COMMISSION ANNOUNCED ON MARCH 27

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): Earlier in the session the Minister of Munitions and Supply announced the appointment of a royal commission to inquire into the fuel industry in Canada and to develop a post-war national fuel policy. Is the minister in a position to inform the house what progress has been made and approximately when the commission will begin its work?

Hon. C. D. HOWE (Minister of Munitions and Supply): Very careful study has been given the terms of reference. It is a complex problem, and the desire is that this commission may help in the solution of that problem. I have the terms of reference drafted, and I hope to place them before my colleagues at an early day.

VETERANS' AFFAIRS

ESTABLISHMENT OF DEPARTMENT TO DEAL WITH THE CARE, TREATMENT OR REESTABLISHMENT OF MEMBERS OF THE ARMED FORCES

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved the third reading of bill No. 83, to establish a department of veterans' affairs.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I rise with some hesitation and not a little apology for injecting some further observations on this motion for third reading, the matter having been pretty thoroughly debated. I do so, however, because the committee stage passed more quickly than I had expected, and the bill was reported while I was out of the chamber. I shall take only a few minutes to raise the one point I have in mind, which has to do with veterans of world war No. 1.

If my figures are correct, there are 11,000 of these men in the active companies of the veterans' guard alone in Canada. Then there are some 6,000 veterans of world war No. 1 in the reserve of the veterans' guard. A matter which is of concern to these men and to the public is whether or not the new Department of Veterans' Affairs will give adequate consideration to the plight of those who will be veterans of a second war and who, in view of their age, will require different treatment and a different type of rehabilitation from that used in connection with men discharged in their twenties or early thirties. I impress upon the minister the necessity of seeing to it that these men who have participated in two wars, and who have done a magnificent job in the intervening period of peace, are given special consideration in any plans and schemes the minister may have in mind. If I might add just one further sentence it would be that perhaps ex-service men in the House of Commons, in common with those throughout Canada, are a little too modest in their claims in respect of what they did in the last war, in the intervening period of peace, and during the present war. Representing a group of citizens who have been denied the privilege of service in both wars, I take this opportunity to pay tribute to those men, who have not only done their duty in time of war but have also carried a heavy load and made a great contribution in the period of peace between the two wars.

Those who are now giving a third period of service in the present war should receive special consideration of the kind I have asked, and the treatment accorded them should be rendered willingly. I am hopeful that my remarks will not precipitate any further discussion in the matter. I rose only to say what, had I been in the house, I would have said in committee.

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): Mr. Speaker, I thank my hon. friend for his suggestion, and may say that we have already taken action along the lines suggested by him. We have a special committee dealing with demobilization, and that committee is giving special consideration to veterans of the first great war who reenlisted in this one. My hon. friend may be sure that we will give his suggestion every consideration.

Mr. NEILL: Has this bill been reprinted?

Mr. MACKENZIE (Vancouver Centre): I understand it has not. I asked just before the house met this afternoon. It is my understanding that it is the practice not to reprint the bill, unless there is special direction to do otherwise, until it passes the house. I might say that the same thought had occurred to me as has occurred to my hon. friend. But the practice is not to reprint the bill except by special order of the house.

Mr. NEILL: That means that we shall have to carry around with us three daily editions of *Hansard*—big ones—which contain these amendments and deletions.

Mr. MACKENZIE (Vancouver Centre): Oh, no; it will be reprinted immediately it passes the house, and will be made available to all members.

Mr. NEILL: It will be reprinted?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. P. E. WRIGHT (Melfort): Mr. Speaker, I did not have an opportunity to speak to this bill in the debate on second reading, and I am therefore doing so now. I believe most hon. members are agreed that the setting up of this new department, having for its purpose the concentration in one department of all affairs affecting soldiers, was overdue.

The minister was paid many compliments by various speakers respecting his management of the department of which he is now the head; and while I can agree with much of

what was said concerning his attention to pensions affairs, yet I do not think his management of the department is altogether the measure of efficiency in the department. To my mind a proper measure of efficiency would be the number of individual cases coming before him. And if that is the measure to be applied, then I am afraid his department has not done as well as it might have. After all, if these matters were receiving in the minister's department that degree of sympathetic consideration they are supposed to receive, it would not be necessary for members in the house, veterans' organizations and other groups throughout the country to have to deal with individual cases. I believe the minister should be advised of this, and if he is to be the minister in charge of the new department he should see to it that a more sympathetic attitude is taken by certain officials in the department when they are dealing with veterans' affairs. I know that some of those officials are sympathetic, but I also know that others are not as sympathetic as they might be. Otherwise these cases would not arise in the numbers they do.

The matter about which I would speak particularly is the position, first, of old soldier settlers under the Soldier Settlement Act, and, second, of new settlers under the present Veterans' Land Act. I believe I have had as much experience with the soldier settlement board as any other member in the house, because I took up land under the act in 1919, and I believe I have made payments to the board in each of the last twenty-five years. I say therefore that I hold the viewpoint of those settlers who took land under the act. I know something about their problem, some of the reasons for failures and for success under that act. I know, too, some of the points which should be considered under the new act, if it is to be a success.

When the Soldier Settlement Act was first passed, much of the land sold to settlers was sold at inflated prices. I know of school lands held in trust by the dominion government that were put up for sale in 1918 and offered to the public at $10 an acre. A soldier returned within six months after that sale was held and offered the school lands board $10 an acre. He was told that he could not buy the land at that price. Within three months he was notified by the soldier settlement board that under the new act the land was now available, through that board, and they quoted a price to him of $21 per acre on land which had been offered to the general public for $10 an acre less than a year before. The land was bought at $21 an acre under the soldier settlement board. Another quarter on the same section which was held at $23 an acre later reverted to the school lands department and was again offered for sale and bought by the same soldier settler at $15 an acre in 1927. The inflated value placed on lands at that time constituted one of the chief reasons why the soldiers under the old soldier settlement board act were unable to meet their commitments.

This may be past history; there are those who may say that that is not happening now. But it is happening; it is happening to-day. Some of this very land which was taken back by the soldier settlement board in the thirties and was being offered to the general public in 1939 is being held at twenty to thirty per cent over pre-war prices for sale to men coming back and taking up land under the new legislation. That is a wrong example for the government to set. Why land values should be increased to new settlers to-day I do not know. I say it is wrong. The original grant provided by the government for buying land and buildings was $3,600, but it was found necessary to increase it to $4,800 in order that suitable holdings might be secured. That extra $1,200 represents debt as far as the new veteran is concerned; it also represents dollars in the pockets of the land companies. Why the boys who are fighting overseas should be expected to meet this additional charge for the benefit of land companies is something I do not understand. The government should take the matter into consideration. These lands should have been taken over at their 1939 prices and held at those figures for the boys coming back from overseas; no inflated values should have been permitted on account of increased prices during the war.

The same consideration applies to stock and implements. Present prices of stock and equipment are much higher than they were in 1939, but there is no guarantee that high prices will continue during the years in which these settlers are going to be paying for their land. That is one of the reasons why I suggested in the committee that a parity clause should be inserted in the new veterans' land act whereby the year in which the land was bought should be taken as the basis, and any decrease or increase in the value of produce sold should be taken into consideration in fixing the payments to be made in the years to come. If such a clause had been written into the old soldier settlement board act, many of the difficulties which arose under that act would not have occurred.

When land was purchased under that measure in 1919 and 1920 in western Canada, wheat was over $2 a bushel, and other grains, as well as stock and equipment, were selling at proportionately high prices. There was also

laxity in the matter of proper investigation as to suitability of the land and stock which were purchased. When I was working for a farmer in western Canada in 1919 I saw a soldier settlement board inspector purchasing for a soldier settler milch cows which were supposed to be fresh cows but were far from being that, and the prices paid were out of line with those which should have been paid. I do not know whether it was ignorance on the part of the inspector or whether it was collusion, but undoubtedly a great deal of stock was bought at that time at unreasonably high prices. The same thing is likely to occur again unless more care is taken than was shown twenty-five years ago; and judging by the way purchases are now being made I am doubtful whether that extra care is being taken.

It is because of such circumstances as I have outlined that old soldier settlers find themselves in their present position. That is why, some three or four weeks ago, a delegation came here to ask that these men be given clear titles to their land before the new statute comes into force. The delegation appeared before the government, or a committee of the government, who listened to their representation and said that consideration will be given to it. What consideration is being or will be given remains to be seen. But certainly those men are entitled to consideration.

In speaking to some of the departmental officials I have heard them express the opinion that if there are yet a number of settlers who have not met their commitments, it is because of lack of will on their part to do so. From personal knowledge of many of these men I say that that is not a fact. Many of them experienced sickness in their families; they had to choose between having sufficient money to provide their wives or children with medical attention, and meeting their payments to the board; and I think they were entitled to put the medical care of their families ahead of their obligations under their contracts. In many of the cases they fell into arrears because they wished to give their children a proper education. I know a number of soldiers of the last war who have families of four, five or six children and had to choose between educating them and meeting their payments to the soldier settlement board. They were making a far greater contribution to the welfare of Canada by educating their families than they would have done by meeting their payments in full to the board, because to-day many of their children are overseas fighting in our forces and able to do so more efficiently as a result of the education which they received.

These are some of the reasons why these settlers find themselves in the position they are in to-day, and I urge that the government give sympathetic consideration to their request to have title granted to their land.

Another point which I commend to the attention of the minister is the writing of a parity clause into contracts under the new Veterans' Land Act. I believe it is one of the elements most essential to the success of this measure. It does not matter much what the contract is to-day; the real question is what relation it will have to the prices of products five or ten years from now when payments have to be made. This will be the deciding factor as to whether the settler can meet his obligations. If he is purchasing land to-day at values related to the present prices of grain, live stock and dairy products, those prices should be taken into account when he is paying for his land. Unless that is done I cannot see how the settler under the new act will be in a much better position than were the settlers under the old act.

I also wish to emphasize the insufficiency of the amount now made available for procuring stock and equipment under the new measure. Our boys are overseas fighting to-day. We place in their hands a bomber costing a quarter of a million dollars or a tank to the value of $50,000 for the purpose of winning the war, but when they come home we give them $1,200 to buy stock and equipment to reestablish themselves. Any farmer knows how far $1,200 will go to-day in buying stock and equipment. It is just about sufficient for two old horses and some second-hand machinery. If that is the best we can do, after we have placed in the hands of our boys at the front equipment worth tens of thousands of dollars, it is time we had another think coming. I do not believe the boys will accept this. I am sure it is not good enough. I certainly think that the amount of money made available for stock and equipment should be increased.

With respect to the amount of money made available for full-time farming purposes, $4,800 to-day just does not buy an economic farming unit either in eastern or in western Canada. Anyone who is engaged in farming knows that in western Canada the economic farming unit must be at least one section of land, or, better still, one and a half or two sections. The sum of $4,800 will buy a quarter-section, and even if the man gets it free he still has not enough land on which to make a living at farming, educate his family and pay for proper health services. I would say that $10,000 is much nearer the sum required to purchase an economic unit for full-time farming anywhere

in Canada, and I would ask the minister to give serious consideration to raising the amount of money that will be made available to these men for the purchase of a full-time farming unit. It is better to lend a man $10,000 to buy a farm that he has a chance to pay for than to lend him $4,800 for a farm on which you know and I know, Mr. Speaker, he cannot meet the payments. The larger unit is the economic unit, with the farm equipped with modern machinery.

These are just a few of the matters I wished to bring to the minister's attention with respect to the soldier settler and the Veterans' Land Act.

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

RECONSTRUCTION

ESTABLISHMENT OF DEPARTMENT TO FORMULATE AND CARRY OUT RECONSTRUCTION PLANS

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved the second reading of bill No. 82 to establish a Department of Reconstruction.

He said: Mr. Speaker, hon. members will recall that the speech from the throne made mention of three new departments, each of which has to do with some phase of reconstruction in the broad sense of that word. One is the Department of Veterans' Affairs, which is concerned particularly with matters relating to demobilization and rehabilitation of the armed forces. Another is the Department of Social Welfare, the designation of which, by the way, I am going to ask the house to allow me to amend and have it named the Department of National Health and Welfare. I might say that the wording "Social Welfare" was selected because of the comprehensive nature of the term. It was thought that welfare included health. But there have been representations to the government, which I think have been sound, that we have had a department of health in Canada for some time past, the Department of National Health, and that to eliminate that particular designation might cause it to be assumed that the government was paying less attention rather than more attention to the question of national health. I imagine that there will be no objection to the acceptance of the amended designation of that department.

The third department mentioned is the Department of Reconstruction. The first two departments I have referred to grow, in a way, out of the existing Department of Pensions and National Health. The Department of Reconstruction is an entirely new department of government and will be concerned with aspects of government business for which hitherto no one minister has been responsible.

In considering the Department of Reconstruction, it is necessary in the first instance to understand clearly what is meant by reconstruction. There are different interpretations given to the term. Reconstruction in the war zones where there has been a wholesale destruction of property and community life will mean the physical rebuilding of the areas that have been devastated. Fortunately in Canada we have not suffered from anything of the kind. We have not had our homes bombed; we have not had our railways and roads destroyed; we have not had our industries reduced—rather, if anything, we have had our industries vastly increased and extended as the result of the war effort of the country. We are fortunate, I say, in that particular. Reconstruction with us, and, indeed, reconstruction everywhere in the broad sense of the word, means the transforming of a nation that has been carrying on war and has been geared for war and has a war economy, back to a nation that is returning to its peaceful pursuits; to the ordinary life which the community and the nation carry on in time of peace. That broad conception of reconstruction necessarily includes much in the way of the physical rebuilding and development of the country, but it includes also matters which relate to social security, questions of health and social welfare. Of course, above all else, it includes the rehabilitation of members of the armed forces and the finding of new employment in peaceful vocations for those now engaged in war industries.

There is one aspect of reconstruction which might be termed economic reconstruction. That has to do largely with the transforming of industry from making war supplies to making goods for human consumption and with restoring and increasing the capital equipment of the nation, together with the provision of employment for those who are being transferred from the one activity to the other. It is in connection with this economic reconstruction that the new Department of Reconstruction of the federal government will be primarily concerned.

On April 17 last I introduced the resolution on which this bill is based and spoke at some length upon aspects of the proposed bill. I do not wish to repeat to-day what was said then, except in one or two particulars. I indicated clearly the need for a department concerned with the work of physical reconstruction. I should like to quote the words which I then used, which will be found on page 2085 of *Hansard:*

The problem of reconstruction will involve the reemployment of nearly two million Canadians now in the armed forces, the merchant navy or war industry. Employment must be productive and must contribute to a rising standard of living. The great industrial plant created for war purposes must be transformed to meet peace time demands in Canada or abroad. Markets must be found and retained for our greatly increased food production unless we are not to face an agricultural depression. Railways, highways and other capital equipment which has suffered the strain of war must be reconstituted. Civilian aviation and other new means of transport and communication must be developed. Public works and conservation and development projects will be required, particularly while private industries are being converted to peace time operations. New housing, both urban and rural, improvements to existing housing and community planning can contribute at once to the volume of employment and the improvement of the standard of living.

These are merely a few of the directions in which reconstruction planning requires to be carried on. Obviously most, if not all, of these functions relate specifically to some existing department of government.

I wish first to make it perfectly clear that in establishing the Department of Reconstruction the government is not establishing a department which will be primarily an administrative department to carry on under its own immediate officials the work of reconstruction.

The work of reconstruction will necessarily be carried on in largest part, in fact almost entirely, by existing departments of government, and not merely by departments of the federal government, but by departments of provincial governments and municipalities as well. Indeeed, in changing our national economy from a war-time to a peace-time basis, almost every department of government will have some special work to do.

First and foremost there is the obligation to ensure the establishment of what may be most effective in the way of world organization for peace. That in itself is an exceedingly large task. It will involve consideration primarily by the Department of External Affairs, in so far as one department rather than another in Canada may be concerned. It is a task in which bodies, such as the League of Nations Society and the like, will be interested, a great work requiring the assistance of several agencies of government. Probably more than any other single question requiring attention in the post-war period will be the securing of wider markets and the extension of trade.

One hears the question asked very often to-day, Why is it that we are able to do in time of war, and to do so effectively, many of the things which it seems impossible for us to do in time of peace? I should like to answer that question at once from the two points of view. The first is that in time of war, happily, all the united nations have the same purpose and are prepared to work together toward the furthering of a particular end. There has been little difficulty, since this war began, in effecting among the united nations the most complete kind of cooperation toward a particular end. In time of peace, unfortunately, cooperation among nations has been very far from the rule. Instead of nations seeking to work together, for example, toward the expansion of trade generally throughout the world, many nations have taken the view that the way in which more employment can be obtained is for one country to prevent some other country from having its people employed to the extent that they should be. If, as a group of nations interested in having world peace, we of the united nations can help develop trade throughout all parts of the world we shall perhaps be taking the most effective of all steps in the direction of bringing about those conditions which, for Canada particularly, it will be necessary to establish if we are to have the development of our great primary industries carried to the extent that they should be. What we can do in the way of agriculture, the mining, fishing and forestry industries in this country will depend on the markets we are able to obtain, and the markets we are able to obtain will depend on the extent to which the nations of the world come to a correct point of view as to what it is that makes most for the prosperity of all.

We shall do well, I believe, to bear in mind that prosperity is indivisible. It is not something which one nation can have and enjoy by itself; it is something that has to be shared. We shall have to come to see that we are members one of another and that no nation liveth unto itself. As we achieve this larger conception we shall be furthering the fundamental condition required to ensure the fullest employment for the great mass of the men and women in this country.

The second reason, why we have been more successful in time of war in doing some of the things we are unable to effect in peace, is that, under the War Measures Act, the government has constitutional authority to see that its policies are carried out. It is in a position to act for the whole of Canada in regard to the prosecution of the war. In times of peace, on the other hand, we have to strive, in carrying out any policy, to get the good will and effective cooperation of every province, as well as carrying out our own work. I hope and believe, as a result of what has happened during the past five years, and of the cooperation which the federal government has had in large measure

from the provincial governments, that following conferences still to be held between the provinces and ourselves we shall be able to work out some means whereby we can, in the period after the war, secure still greater co-operation for the benefit of all.

These two considerations, I believe, will serve to answer the particular question as to why it is that we do effectively in time of war many of the things which we seem unable to do in times of peace. But in connection with any policy of reconstruction there will be matters that relate not only to trade but also to the development of industry and transportation, the development of aviation, of merchant shipping, of irrigation, the development of all our natural resources, housing and community planning, and also many other matters which have been discussed in this house during this session. At the moment I wish to emphasize that reconstruction is not concerned merely with public works and the carrying out of new undertakings of the kind. They will of necessity constitute one phase of the work of reconstruction, and there will be great need for new developments as well as to make up for what has been postponed in that way during the past few years. But reconstruction, in the broad sense of the term, will involve, as I say, not merely what one department of government is in a position to carry out but to a considerable extent what all departments of government can do in a variety of fields.

What is true of the federal government departments is equally true of the governments of the provinces. Fortunately, in the different provinces, some provision has already been made for the work of planning and development. That work in some respects parallels what is or will be carried out in the federal field. It will be necessary, if both federal and provincial policies are to be carried on without waste and overlapping, and if gaps are to be avoided here and there, which may affect the national structure, that some central agency should have the duty of seeing that coordination is effected in the best manner possible. That cannot be done by leaving it without special responsibility to the ministers of the different departments, each of whom is concerned with a particular work. Moreover, what is the concern of all is very often apt to be the least concern of any. It is desirable, therefore, that there should be in the administration at this time, as the country begins to look forward to reverting to an economy for peace, some one minister who will have constantly before him the duty of seeing that what is necessary in the formulation and the carrying out of policies of reconstruction, is effectively undertaken.

The purpose of this bill, which is now before the house for second reading is, as stated in the explanatory note:

> . . . to establish a department of reconstruction under the direction of a minister of reconstruction who shall be responsible for preparing and coordinating plans and projects for reconstruction, and making provision for carrying out such plans with the authorization of the governor in council.

Personally I should have preferred to see that explanatory note worded somewhat differently to bring out the full intent and purpose of its provisions. I should like to have it read:

> The purpose of this bill is to establish a department of reconstruction under the direction of a minister of reconstruction who shall be responsible for seeing that reconstruction plans and projects are prepared or formulated and coordinated, and that provision shall be made for carrying out such plans with the authorization of the governor in council.

As the explanatory note reads, it might be assumed that the minister himself had to make all the plans and administer them. That is not the intention. It will be the minister's duty to see that plans are made. It will also be his duty to see that plans having to do with reconstruction are carried out. But these duties will be carried on in cooperation with his colleagues of other government departments.

In this particular, the present bill follows the example that has been set by the government of the United Kingdom where one minister of the crown has been appointed minister of reconstruction. As hon. members know, some seven months ago Lord Woollton was appointed Minister of Reconstruction in the United Kingdom. When he addressed the House of Lords and described his functions he began by saying that he had no office or permanent staff; that it was his intention to perform the major part of his duties by thinking over the many problems that had to be worked out and presenting suggestions to his colleagues, discussing them in cabinet council with the committee which would be there for the purpose of assisting him in that work. Lord Woollton has carried on very largely in that way. He heads no department of government; he is not the head of a ministry. He is simply the Minister of Reconstruction. He has associated with him experts on different aspects of reconstruction. He consults with them and with a committee of the war cabinet, of which he himself is a member. Plans are then presented to and discussed by the war cabinet or the cabinet as a whole, and work to be carried out is assigned to the appropriate departments of the government.

It is the intention under this bill to appoint as Minister of Reconstruction in Canada one of the ministers of the crown who holds office at the present time, and who heads one of the departments of government. He will continue to administer the department of which he is now the head, but he will also have the special duty of meeting with experts on reconstruction, of meeting with a committee of the cabinet which will be composed of ministers who will also be expected to give their time and thought to the formulating of plans related to reconstruction, and to seeing that these plans are carried out. As part of his duty there will be also the obligation of keeping himself informed with respect to what has been and is being done by the provinces and municipalities, and, as far as it may be possible through consultation with them, and in other ways, of seeking to combine in the most effective way the work of reconstruction of the federal government and of the provincial governments and municipalities.

The difference in scope and in procedure in the present bill from the British procedure where it exists arises out of the difference in our own country from Britain in the matter of jurisdiction with respect to legislative powers. In Britain the central government has charge of pretty nearly everything, except what the municipalities may be charged with. As an example let me make mention of education. As all hon. members know, education in Canada is one of the subjects specially assigned to the provincial governments. I shall not enumerate the different duties of the federal and provincial governments, or what is reserved to one or to the other. As we know, there are instances where both dominion and provincial governments have jurisdiction, for example, in matters relating to agriculture, public works, and immigration. In all of these fields there is jurisdiction in which both the provincial and federal governments share.

In the reconstructing of the nation from a war-time to a peace-time economy, it is important that departments which are doing similar work should work together in harmony as largely as possible, not only as between the dominion and one province but as between the dominion and all the provinces, and between the provinces themselves. Obviously no minister of the crown could by himself be expected to take that work of coordination completely in hand. He would have to have associated with him not only experts but a considerable staff. He would have to have a deputy minister who is in a position to communicate authoritatively with the governments of the provinces, with municipalities, with business organizations, professional organizations, private industries and individuals. For that reason the present bill contemplates the establishment of a department with a deputy minister and with such staff as may be essential for the carrying on of that class of work—not a large staff, because it is not contemplated that this department is going to last for all time. The department is being set up at this time for a special purpose related to special conditions, just as certain departments of the federal government were set up at the beginning of the war to do war work. For example, the Department of Munitions and Supply was set up to carry on an important phase of war work. When the war ends that department will fade out; but, with the preparation for peace and for developing the national economy to further the pursuits of peace, it will be necessary to have some one department that will be specially charged with that all-important work. The Department of Reconstruction will have that particular duty.

I do not think I need to enlarge upon the duties of the minister or the staff. Questions may be answered in detail in committee. I should however like to say a word immediately with respect to the comment that one sometimes hears to the effect that the government is late in setting up this department. Well, I take complete issue with that criticism. First of all, may I say that in its main task, to do what is possible to ensure full employment in the country, the need for this department is not likely to be felt to any considerable extent for some time to come. During the war, as we all know, full employment has developed in the industries essential for carrying on the war. But the war is not over yet. We do not know how long the war in Europe is going to last, and when the war is over in Europe no one will venture to say how long the war against Japan may continue. Certainly this country will continue to do its full share towards an all-out war effort until the war is won both in the orient and in Europe. There is likely to be a very large demand for war materials as long as that period continues; but once the war is over there will be a new kind of demand for materials and services and supplies, which will be very great. That demand will arise in the transitional period from war to peace in the countries of Europe, as well as in our own, and in all countries that have been affected by the war.

The relief and rehabilitation of the peoples of Europe are certainly likely to create a demand for commodities of different kinds which it will be difficult to meet. We all remember what took place at the end of the last war.

The end of the last war was followed by a boom. There has not been on this continent at any time the same sudden increase of demand for supplies, services and labour, as there was in the years immediately following 1918, the years 1919 and 1920. In other words, a boom situation was created, but it was followed by an appalling depression. That is one of the things that we must certainly seek to avoid in dealing with the post-war period. We have the experience of that time before us, and, fortunately, we have the benefit of the careful research that has been carried on in all parts of the world as to its causes, so that to-day we have the knowledge of the action needed to prevent the recurrence of that sort of thing. There again, if this kind of disaster is to be prevented, it seems to me desirable that there should be some member of the government who will have a special responsibility to see that measures to avoid periods of depression and unemployment are carefully thought out, studied in advance and, as far as possible, given effect. The Minister of Reconstruction will have as part of his obligation to see that in planning a long-range view as well as a short range view is taken. Of necessity, immediately the war ends and people begin to be transferred from one employment to another, some men and women will be out of employment for a short time. There will continue to be occupational causes which will tend to throw men out of work at certain seasons of the year. Unemployment of that kind will necessarily occur. But broadly speaking, looking at mass employment as it presents itself over a period of months and years, the period immediately following the close of the war should be a time in which there will be a large demand for labour. The danger will come after that, and the only way it can be met is by careful planning now and in the period of transition, by seeking to effect that kind of cooperation between the provinces and the dominion in our own country, and between our country and other countries, which will help prevent a period of depression.

Another reason why, up to the moment, it has not seemed essential to have a department particularly concerned with reconstruction, a reason perhaps the stronger of the two in its immediate application is that almost since the very beginning of the war a careful study has been carried on by the government, followed later by committees of this parliament, by provincial governments, municipalities, societies, organizations, business and private interests, of matters pertaining to reconstruction in all its phases. I might give the house, in quick succession, the names of some of these committees and make mention of some of the things which already have been done. The war had scarcely begun before the present administration realized that the demobilization and rehabilitation of the men serving overseas would inevitably be an important question that could not receive attention too soon, and a committee of the cabinet to consider this problem was formed before the end of 1939. We in Canada had a committee on the subject of demobilization and rehabilitation before the British government appointed any such committee. Hon. members will recall that Mr. Chamberlain was Prime Minister of Great Britain at the beginning of the war. He was succeeded by Mr. Churchill, and it was not until after Mr. Churchill had been in office for a short time that the British government appointed a committee of the cabinet to study these problems and to prepare policies which would help meet them. On December 9 the cabinet in Canada appointed a committee on demobilization and reestablishment.

Mr. BLACKMORE: In what year?

Mr. MACKENZIE KING: On December 9, 1939, a government committee on demobilization and reestablishment was set up. Members of this committee soon realized that demobilization and rehabilitation was only one of the great aspects of the problem of reconstruction. Subsequently the scope of the committee was enlarged, under an order in council dated February 17, 1941, to include all phases of reconstruction, and at the same time an advisory committee on reconstruction was set up on an informal basis. As hon. members will recall, this advisory committee was headed by Principal James of McGill university. The government was anxious to have associated with it, altogether outside the administration, advisers who would go carefully into the problems of reconstruction. On September 2, 1941, this committee was given formal character by order in council. I need not take time at the moment to speak of the work of the James committee, though up to the present far too little reference I think has been made to it. As hon. members are aware, the committee has published a number of valuable reports. The main report, on reconstruction, was published on September 24, 1943. Then there was a special report on the conservation and development of natural resources; a report on publicly-financed construction projects; a report on post-war employment; a report on the post-war problems of women, and a report on housing. These matters have been studied as well by officials of departments of the government during the past year or two, and

the government has had the benefit of their reports and reports of the James committee to guide it in its work.

In addition the government recognized at an early stage the service that might be rendered by members of both houses of this parliament in the study of these questions and in a considering of recommendations which might come from any source in any part of Canada. On March 24, 1942, this house established a committee on reconstruction and reestablishment. That committee was reappointed in 1943 and again this year. In 1943 a senate committee on economic reestablishment and social security was appointed. I should like to pause for a moment to thank hon. members of these committees for the assistance they have given and to say, on behalf of the government, how deeply indebted we feel particularly to the special committee on reconstruction of this house, of which the hon. member for Cariboo (Mr. Turgeon) was chairman. That committee was composed of members from all sides of the house. It is generally acknowledged that the chairman discharged his duties to the entire satisfaction of the committee, and that the committee's work has been not only comprehensive but constructively helpful in the fullest meaning of that term. The fact that the house has not discussed at length the various matters referred to in these reports does not mean that the reports themselves have not been useful and of great service to the government. As a matter of fact they have been of the greatest help; they have served as guides to the ministers in charge of the different departments in taking up some of the subjects, and have been helpful to the government in planning its programme. Indeed, one of the recommendations made by the committee of this House of Commons had to do with the establishment of the very department of which I am speaking at the moment. That recommendation was made a year or so ago. The new department has not been set up until the present for reasons I have given already.

I have mentioned only some of the reports that have been made to the federal government by various bodies connected with it. There has been an advisory committee on economic policy appointed on January 23, 1943, composed of senior officials, under the chairmanship of Mr. W. C. Clark. This committee has since been continuously investigating and studying the post-war problems. At that time the James committee became directly responsible to the President of the Privy Council. It presented its final report on September 24, 1943, at which time the advisory committee on economic policy took over its work.

Since the James committee completed its work the advisory committee on economic policy has also taken over the work formerly carried on by the James committee.

If it were needed to specify the extent to which the reports have served as a basis for legislation, I could refer to many matters which have been discussed in the house already, conspicuous among the number being the bill which received third reading only this afternoon, namely the bill establishing a department of veterans' affairs. There has been a full discussion on that measure during the last few days. There could be no better evidence that the government has not been neglecting the question of reconstruction than the measures already enacted pertaining to war veterans' affairs. We began with the most important of all, namely, those matters which pertain to the demobilization and rehabilitation of the armed forces. I think the house must now be convinced that not only was a very comprehensive programme outlined, but that already in the main it has been enacted and is now in force.

What is true of the Department of Veterans' Affairs, and the work concerning war veterans, is true to no lesser extent of some of the other work of the government pertaining to reconstruction. I might refer, for example, to matters pertaining to the expansion of trade which have been a special concern of the departments of external affairs, trade and commerce and finance. Many of our war policies have been and will prove to be of the greatest possible assistance in connection with the post-war effort. In fact, in shaping all our war policies we have had the post-war situation very much in mind.

Let me deal with some of these policies. We have been seeking not to build up intergovernmental debts between nations. It will be recalled this was the first obstacle that confronted the nations once the last war was over. Our aim there, in concert with other nations, has been to prevent an accumulation and combination of obligations. The system of Mutual Aid has for its object the avoidance of unwieldy debts between governments, as well as helping to effect an all-out war effort, and give maximum employment to our own people. Exchange control and price control policies will also help in trading relations of the future. The work in connection with UNRRA, which has to do with relief and rehabilitation in the devastated areas and starving populations of Europe, is a great work which has been established in this period of war, but all of which relates to the post-war period. It will have much to do with maintaining a high

level of employment in Canada for some time to come. All of this will have to do with increasing our production—production in agriculture, mines, fisheries and forests. On the orderly resumption of external trade and its expansion, the prosperity of agriculture, the forest industries, mining, fishing and many of our manufacturing industries depend. So that it is folly for anyone to say that, up to the present time, little or nothing has been done by way of reconstruction, just because one particular department bearing that name, and having the purposes in view I have mentioned, has not been established until now. The establishment of the department is only the latest of a long list of measures designed to further the work of reconstruction.

There have been discussions on monetary matters. We have not waited until the war was over to have those matters explored; they are being explored at the present time. I cannot say how successful they may be. At any rate, wherever in the past experience has shown failure, we have tried to anticipate a similar situation and to meet it before it occurs again. The government will assist wherever it can in the development of international arrangements concerning currency and trade, the government intends to join in a progressive freeing of world trade from the whole network of quotas, payment agreements and other similar restrictions and a progressive reduction of tariffs.

Several measures have been introduced at this session, or are about to be introduced, which relate to reconstruction in the post-war period. They are based in large part upon studies which have been carefully carried out either by government officials or by committees of the house, or have come to the government from other sources. For example, there is a measure to guarantee or ensure export credits, to which reference was made in the speech from the throne. That measure will be introduced shortly. Then there is provision for the expansion of the trade commissioner service, which was also forecast in the speech from the throne.

Hon. members will recall that the house is discussing in some detail matters respecting civil aviation and aeronautics. These are measures which relate to the post-war rather than to the war period. For two years past an interdepartmental committee has been at work on civil aviation. The government's policy—a complete plan—was outlined to the house a year ago. A draft international agreement has been put forward by Canada. There is an interdepartmental committee on merchant shipping actively at work considering post-war shipping policies which will be required.

In connection with the work of industrial conversion, hon. members will recall that in November of last year a crown assets allocation committee and War Assets Corporation Ltd. was set up by order in council. Only the night before last a bill respecting the disposition of surplus crown assets passed the house. That bill dealt with obsolete and unused war materials.

An industrial development bank bill was introduced in February of this year and has since been passed. There has been a constant study by different departments and agencies of government of the general problems of reconversion of industry. These matters have been considered specially by the Department of Munitions and Supply, the wartime prices and trade board and the advisory committee on economic policy. Later, as forecast in the speech from the throne, there will be some tax modifications to encourage industrial conversion, and also there will be an expansion of research.

Only this afternoon an hon. member referred to the government's promise to appoint a fuel commission, to consider problems of the coal industry. That commission has not yet been established; but it will be. Its work will have relation to matters pertaining to the post-war period in that great industry.

I might mention another very important measure already passed, namely the Unemployment Insurance Act. Hon. members may forget that measure was enacted since the war began. It was passed by this parliament in July, 1940. We were not waiting until the war was over to take steps to prepare for possible conditions of post-war unemployment.

Similarly, we have taken action with respect to an employment service, and hon. members know that national selective service has been developed. It will have to work in reverse when we reach the close of hostilities and the return to the pursuits of peace. Much has been done by way of war-time vocational training, which is providing experience and organization for post-war technical training.

The promise was made in the speech from the throne—and it will be implemented, as all the other measures so promised are being implemented—for a floor under farm prices after the war. Again, the government is not waiting until the war is over to make provision for the post-war. Provision is being made for agricultural credits, through the Bank Act as revised, and a farm improvement credit bill which has been introduced.

Similarly, provision for credit to fishermen is being made in the Bank Act, and special study is being given to the post-war problems of the fishing industry.

I should also mention one of the most important pieces of legislation namely that respecting housing. As yet, that legislation has not been brought in, but hon. members are aware that for the last two years the government has been giving special consideration to the housing problem, and has been carrying on active work in that connection. On may 11, a preview was given by the Minister of Finance (Mr. Ilsley) of some features of housing legislation. Recently a national adviser on community planning was appointed by the Minister of Finance.

I could speak further about the public works development and the valuable recommendations of the House of Commons committees in the past two sessions and of the James committee which are being or will be implemented. As I already said, the new Department of Reconstruction will have the duty of formulating policies and coordinating activities of various federal departments and agencies; also the vital task of working out cooperation with the provinces which, because they control natural resources, are largely concerned with this field.

By a further step, we hope to ensure more effective cooperation between the provinces and ourselves through holding, before long we hope, a dominion-provincial conference, to take up some of the questions which must be squarely faced, if conditions in the post-war period are to be adequately met.

Mr. GRAYDON: Is it the intention of the government to wait until this session is concluded before holding the dominion-provincial conference, or is it intended to hold it before?

Mr. MACKENZIE KING: I cannot say as to that. What I do say is this, that I hope when that conference is held it will be held under circumstances which will permit of the attendance of representatives of all the provinces—not only of a certain number. Meanwhile extensive preparations for the conference are already under way. I also hope that it will meet at a time when it can do effective work. I am not at all sure that, if it were a choice between waiting until parliament had risen in a month's time and having a conference then, that would not be preferable to holding the conference before an adjournment. On the other hand, if parliament is going to continue in session until December I certainly think we ought to have the conference a considerable time before then.

Mr. GRAYDON: I hope that that is not one of the government's objectives.

Mr. MACKENZIE KING: No, indeed not.

Mr. BLACKMORE: Will the Prime Minister permit a question?

Mr. MACKENZIE KING: Yes.

Mr. BLACKMORE: Can he tell us whether any one or all of these committees on reconstruction acting together have suggested to him any source of money with which to do all these things, other than debt or taxation?

Mr. MACKENZIE KING: May I say to my hon. friend that I do not contemplate difficulty in carrying on reconstruction work, during the period of reconstruction, on the score of being unable to raise the money that is necessary for it.

Mr. BLACKMORE: Without increasing our debt?

Mr. MACKENZIE KING: I will put it this way to my hon. friend. In this period of war we have been able to raise money through loans and taxation, for what purpose? For the purpose mainly of spending the money on destruction, on the destruction of property, the destruction of community and national life, and human lives; all of which indicates that instead of having our taxes serve a useful constructive purpose, they are serving, of necessity—it is not our fault, it is part of the penalty of war—the needs of destruction. When the whole picture is reversed, and it comes to be a matter of carrying out constructive work, work for the rebuilding of communities, for the supplying of homes, and the needs of homes, the necessaries and conveniences of life, many of which have been absolutely prohibited in the period of war, there is going to be a demand for employment the like of which has not arisen at any other time, and as one want is satisfied another want is sure to be created. My hon. friend remembers, I suppose, the little fable of the man who cut away at a tree and every time he took one chip out two appeared in its place. That mythical tale has always seemed a bit of a mystery to me, but I think I realize what was meant. I think it applies to human need —or human greed, if you wish it. The minute you satisfy one need or want you create two more.

I will illustrate. The moment a man is fortunate enough to get a house he immediately wants to have the house properly furnished.

Mr. GRAYDON: He wants a wife.

Mr. MACKENZIE KING: That is a want that may be satisfied as far as some hon. gentlemen are concerned; I hope it will be in the case of others before too long a time expires.

If he gets a wife, if he is fortunate enough to have a wife, she will have half a dozen demands that he will never have thought of.

Mr. BRUCE: You are optimistic.

Mr MACKENZIE KING: If they are fortunate enough they will have a small family after a time, the needs and wants of all of whom will have to be supplied. And so it goes on. When a man has his house and his grounds and the rest of it he will want to travel by motor car, and when he has travelled by motor car and is free to go where he pleases by motor he will not be satisfied with that; he will want to go to another country and stay at some fashionable hotel, and so it goes. That is the way progress is made, through demands which arise from conditions of peace and prosperity; and where you get demands of the kind which lead to the fuller employment of labour I do not think my hon. friend need fear about the increase of the public debt or taxation to accomplish these things. If we can get a sufficiently large demand for labour through an increasing demand for goods and commodities and things which are constructive and serviceable, I believe the nation can go ahead with the great work of construction and reconstruction and at the same time reduce its taxation and reduce its debt. That at least is what I would hope to do if this government is in office when that period comes.

Mr. BLACKMORE: Were not all these demands in operation from 1930 to 1935? If they were, why did they not result in an increase of production?

Mr. MACKENZIE KING: I will answer my hon. friend in a word. This government was not in power at that time.

Mr. BLACKMORE: It was in power from 1935 to 1940.

Mr. MACKENZIE KING: I hope the hon. member will remember that and that the people will remember it when they come to think over the cause of depression and what makes for prosperity. However, I answered a moment ago my hon. friend's question in that regard. I have given him already the explanation, that in large part it has been the mistaken policies of nations believing that one nation's prosperity could be secured by lessening in some way the prosperity of other nations; if that kind of thing is repeated in the world, we certainly are going to have periods of depression again. But I do hope that new ideas, liberal ideas, are gaining ground throughout the world, and that they will have their effect in helping to remove some of these impediments to progress which have been encountered so far.

Mr. BLACKMORE: I am looking for one of these ideas.

Mr. MACKENZIE KING: I have perhaps gone further afield than I intended to. The success of reconstruction generally will depend primarily upon the achievement of a high level of employment and production, that is so far as reconstruction in the narrower sense of the word is concerned; these things relate largely to economic reconstruction: but it will depend also to a large extent upon adequate provision for the health and welfare of the people, and their insurance against major social and economic hazards. If we are fortunate enough to succeed in getting through this measure which relates to economic reconstruction, I shall hope to bring immediately forward another measure which I trust will be effective in making some further provision for the health and the welfare of the people, and for meeting some of the social and economic needs of our time.

Mr. J. R. MacNICOL (Davenport): When the Prime Minister (Mr. Mackenzie King) read over the explanatory note he suggested that it would have been better if it had had a few extra words. With that I agree. If I remember, the Prime Minister said that after the word "plans" something like the following should be added, "are prepared and coordinated and must be carried out." I believe that if that suggestion of the Prime Minister is acted upon by the coming minister of reconstruction, something worthwhile will be done.

Before proceeding with what I propose to say I should like to make a short reference to the parliamentary reconstruction committee. I have not sat on any previous committee of which the members, irrespective of party, were as nearly unanimous in suggesting a plan and a programme and more ready to listen to plans and programmes than were the members of this committee. There was no conflict between them. The witnesses who came before the committee were as a whole earnest, capable men and women of high calibre, and some of our advisers may fairly be described as brilliant. I ought to say, too, that we had an excellent chairman. I might say more if he were not sitting in this chamber. He was an indefatigable worker; he must have been sitting up all hours of the night making plans and preparations to invite before the committee those whom the steering committee and himself thought would be best capable of making helpful proposals.

I am glad that the government has accepted the recommendation of the committee and is now setting up a department of reconstruction. I believe that the first report of the committee that asked for the setting up of such a department was tabled in this house on June 23, 1943. The committee's recommendation read:

> In view of all the foregoing, your committee recommends that the Canadian government give immediate consideration to your committee's strong opinion that the government should take the necessary steps either by the establishment of some body, to be organized under ministerial responsibility, or otherwise to provide for the carrying out of works such as those contemplated in the preceding portions of this report.

Then in its fourth report tabled on January 26 the committee through its chairman presented similar recommendations. I rise, Mr. Speaker, to support the motion for the second reading of the bill which has just been introduced by the Prime Minister to establish a department of reconstruction.

Six provinces in all appeared before the committee. The three other provinces have since, I believe, set up their own reconstruction committees. Each one of the provinces that appeared before the committee advanced very constructive proposals for after-the-war rehabilitation of returned soldiers and of those employed in industry. Perhaps I should say a word about the proposals of one or two of the provinces that appeared before the committee.

I did not happen to be present when the maritime provinces appeared before the committee; I had to be away on that occasion. The province of Saskatchewan appeared before the committee and made very constructive suggestions, the carrying out of which would mean a great deal to the province itself and would provide much employment. There is no reason why such a large programme should not be carried out. The Saskatchewan programme covered such matters as public works, universities, schools, roads, the improvement of the telephone system, reforestation, a fire prevention programme, parks, mapping and so forth. The whole programme was estimated to cost between $175,000,000 and $200,000,000. The carrying out of a programme of that magnitude could not, of course, be done within a year or two. I have forgotten the length of their programme but I believe it was to take five years or more. I hope that when the representatives of the Saskatchewan government come down here after the war to ask for assistance in carrying out the programme which the recent government of that province submitted they will receive support from this parliament.

The same thing might be said of the Alberta proposals. I shall give just one example of after-the-war rehabilitation proposals that were submitted by the Alberta government, because I do not want to go into too much detail. The Alberta government did submit a programme of which I personally am strongly in favour, namely an irrigation programme. They set out the programme in detail for irrigating one million acres not now irrigated. Anyone who has travelled through southern Alberta and has seen, as I have seen, the tremendous results that accrue from a policy of irrigation—it is a self-liquidating project, paying for its cost by the returns—could not but support the irrigation programme submitted by the Alberta government. They pointed out that their programme would mean 9,500 new farms receiving water from the irrigation canals, farms which would produce crops such as are now produced on irrigated land in southern Alberta. If that programme were carried out it would mean an increase in population of some 50,000 people in the province. Think for a moment of the increase there would be in employment from the opening up of 9,500 new sure-crop farms. It would mean 9,500 new homes, with all that pertains to the construction of a home and all that is installed within a home, and all the equipment necessary to operate a farm. As was proven by the Alberta submission, and as those who study irrigation know, irrigation projects liquidate themselves by the returns that come from each irrigated acre. The programme of the Alberta government is one that to my mind would provide not only large employment in Alberta but also very considerable employment in factories down here in Ontario, in Quebec and in the maritime provinces. One cannot conceive of an increase of 50,000 in population and the construction of 9,500 new homes and the opening up of that many new farms without realizing the tremendous ramifications of employment that would result from such a programme, extending not only to Manitoba, Saskatchewan and British Columbia as well as Alberta but all across Canada.

These are two examples of the programmes submitted by different provinces that appeared before the committee. Each province had its own problems and programmes, and perhaps before I sit down I shall perhaps make a recapitulation of some of them. I have no doubt whatever that, whoever the new minister of this department may be, he will be seized of the importance of expanding the irrigation systems in Alberta and creating new ones and making available the necessary water as a means of providing a vast amount of

employment. It is a project which will cost this country in the long run not a single dollar. When you stop to think that one square mile of non-irrigated prairie has an average of three people living on it—and there are miles of prairie that are bare of population—while one square mile of irrigated land in southern Alberta has an average of twenty-nine people living on it, one can see that every square mile of irrigated land will mean an average increase of twenty-six people, totalling up to an increase of 50,000 in population, it will be realized what a very great increase in employment would come in a number of directions from the development of such projects.

Ontario has set up its own rehabilitation committee, and I am glad to see that the minister of public works of the province has announced within the last two or three days an after-the-war rehabilitation programme which includes a road development programme in Ontario to cost $150,000,000, for widening some roadways, straightening others, making roads run the shortest distance between two points such as the road between Hamilton and Toronto and the road from Toronto to Windsor and building new roads. This programme of shortening and straightening and widening the roads will ensure faster and safer traffic; it will be of great benefit to the province as a whole, and will provide an immense amount of labour.

I agree with the Prime Minister that if we all work together, the dominion, the provinces and the municipalities, and make an honest effort to see to it that not a man or woman is unemployed in Canada after the war, we can do it. There is no reason why there should be any unemployment in this country if only we will put our shoulders to the wheel and work towards that objective. The Ontario government in its announced policy will carry on a programme of reforestation. That is a programme in which every province can engage. We know that at the present time not all lumber men are compelled when they cut down one tree to plant another in its place. That principle should be made universal throughout Canada. When a tree is cut down in a forest another should be planted in its place. The Ontario government's reforestation programme is one line of endeavour that will help.

The Prime Minister will remember that ten years ago, after I had made an exhaustive survey of the flood-proofing works on rivers of the northern United States, and a similar survey in Great Britain, where they have flood-proofing works on the rivers that flow into the Wash—I can think of one river called the Cam or Ouse—I advocated something of the sort in this house during the time of the Bennett government's regime. At that time conditions were bad in this country—not through any fault of the Bennett government, but simply because there was a world depression. At that time I felt we should have a programme of flood control and water conservation works, but my advice was not followed nor was it followed under the present Prime Minister's first government in 1935 when the late very capable and energetic Minister of Labour, the Hon. Norman Rogers, was in office. I advocated a programme of flood control, and I was glad to see, not as a result of my advocacy, although I had some part in it, that the present government and the Ontario government cooperated to build a dam on the Grand river, known as the Shand dam, three miles north of the town of Fergus, the first flood control and water conservation project in Canada, so far as I know. It was designed for that purpose. I recommended—but I do not claim credit for its adoption—that the cost be 37½ per cent to this government, 37½ per cent to Ontario and 25 per cent to the municipalities, and that was the division of costs finally adopted. The Ontario government is now envisioning a flood control programme for the Thames river, and I suggest that this government should encourage in all the provinces similar flood control-water conservation programmes. There again large demands will be made for employment, and not merely for employment at the works, but for making all the material that enters into the construction of such work—steel, cement, stone, lumber, nails and everything else and, where there is water power, dynamos and so forth.

I am convinced that if we can measure up to the stature of this country—and I hope the new minister will prove equal to the task—there need be no unemployment in Canada after the war. In this connection I would point out that the reconstruction committee had the support of the Minister of Pensions and National Health under whom it operated. It had the benefit of the advice which he had submitted to us. Among those who came before the reconstruction committee were the mayors and representatives of municipalities. They submitted a splendid programme to the committee. It showed, as the mayors appeared before us, that they were alive to their individual city problems, and I am happy to say that, as the Prime Minister admits, throughout the country the municipalities are cooperating and making their own plans and programmes.

Toronto has gone a long distance in its programme for the post-war period. On

January 26, 1943, the present mayor, Doctor Fred J. Conboy, set up a very large reconstruction body which was subdivided into ten committees, on which there are 118 of the most prominent business men, engineers, educationists and representatives of other callings in Toronto. They have prepared an exhaustive report setting out what Toronto proposes to do following the war. I have no doubt that Montreal, Quebec, Halifax, Saint John, Winnipeg, Calgary, Edmonton, Vancouver, Victoria and other cities, including Ottawa, will do likewise. That, too, will help; so that the new minister will have his hands full in coordinating all the activities that are going on. To my mind there is no time to waste. The plans should be coordinated and the programme got under way. Indeed there are many engineers who are out of employment to-day who could be put to work, and I am sure they would be glad to go to work lining up programmes throughout the country.

The Toronto committee to which I have referred surveyed every conceivable type of post-war construction applicable to that city, covering employment and commerce, rehabilitation of armed forces, and so on and so forth. They went into great detail. I have no doubt the new minister, or the present head of the Department of Pensions and National Health, who headed our own reconstruction committee, will have received from the Toronto construction council a copy of their voluminous report. After careful inquiry into between two and three thousand industrial plants in Toronto, and after making a survey in conjunction with members of the board of trade, chamber of commerce and all the others associated with them, they report in this volume that it will be necessary in Toronto to find employment for between 330,000 and 350,000 men and women after the war, in which number will be included 75,000 to 100,000 members of the armed forces. That will be a big undertaking, but it can be met and the problem solved if, as I say, we all put our shoulders to the wheel and proceed with a firm resolve to see that there shall be no unemployment when the war ends.

The Toronto Transportation commission have a very big programme in view which will give for several years a large volume of employment in connection with reconstruction activity. The Prime Minister has likely seen the plan of extension of their car lines out into the country and of bringing subways down through the city. Fortunately they have a lot of money on hand which they have saved out of their present revenue. They will ask for some support from here; and I have no doubt that the reconstruction minister would use the funds at his disposal and spread them out as far as they can go so that there will be no unemployment anywhere. But it is fortunate that the Toronto Transportation commission have a large sum of money on hand to start with. They are developing another programme which may go a long way in the future toward increasing rapid traffic throughout Ontario. I have seen proposals of certain large stores in Toronto to equip their roofs to receive helicopters when that mode of transportation gets to the point where it can be used. I am told that there is in the United States a large school which has many students at the present time who are training to become helicopter flyers. One can easily visualize what it will mean if they ever reach the stage of perfection, and it looks as if they are getting there now if they have not already arrived there, if one can judge from what they are doing. The Toronto Transportation commission have that service in view. When you add that to their electric transportation and their buses, they would be—I believe they are to-day—the greatest transportation system in any municipality in Canada. They would then be able to carry their efforts much farther and make more business. As the Prime Minister so well intimated, business makes business. We all live off one another. If we shall only be confident and not fold up, but keep going, there will not be any unemployment after the war.

Another committee that appeared before us was the Canadian Construction association. Like every other member on the reconstruction committee I was amazed at and pleased with the fine submission and programme submitted by the Canadian Construction association to our reconstruction committee. May I just touch on one or two items? They had carefully worked out detailed programmes, with all the costs, facts and figures available, based on a thorough survey made throughout Canada by architects and engineers. They submitted to the committee a proposal to the effect that with the expenditure of $3,600,000,000 on a six-year construction programme after the war they could provide work for 787,000 men or women or both for every $800,000,000 expended. This programme envisaged the construction of necessary buildings and works and was based up to $800,000,000 worth of construction work in a year. Therefore, if one divides $3,600,000,000 by $800,000,000 and multiplies the answer by 787,000, a total can be arrived at as to the amount of labour that could be provided in a construction programme of that size. It was very encouraging to every member of the committee to see that these men, who are big men, had gone to the great trouble of not only

surveying but of compiling their statistics. I cannot believe that there will be any unemployment after the war if we use our heads, if we all work together and make certain that in this country, a land flowing with milk and honey and with incomparable resources, the like of which no other country in the world has, with opportunities to produce power and everything else that is required, opportunities are afforded to take advantage of our resources, there would be no unemployment in Canada.

We had representatives of labour come before us. We found them very satisfactory and in earnest that there should be no unemployment after the war. If labour cooperates with everybody else, as honest labour always does, they will help materially. Labour has many good sane leaders. I do not know any who are not in that class. With good sane leadership labour can and will assist in seeing to it that there will be no unemployment in this country after the war. We also had representatives from the department of the Minister of Mines and Resources (Mr. Crerar). I was about to say that those representatives dealt with not a big matter, but one that is filled with a good deal of hope. They came before us to explain the building up of the fur industry which the minister himself has been initiating during the last two or three years. That will result in a lot of employment among certain classes of people who do not get much employment. I was greatly pleased with what the representatives of the department told the committee with respect to the proposed fur production programme of the Department of Mines and Resources and how it would result in giving employment. I cannot touch on many items; I mention them as they come to my mind. The one I have just mentioned is only one of many such programmes that were submitted to the committee.

We had the coal men before us. I may say that the hon. member for Cape Breton South (Mr. Gillis) was a great help to us in elucidating the programme presented by the coal people. With a national coal programme in Canada after the war there is no reason why we should not be able to give thousands upon thousands more of coal men work in the coal mines of Nova Scotia, New Brunswick, Alberta, British Columbia and wherever else there are mines. If we would only use our heads, Your Honour, there would not need to be any unemployment in this country. If we all work together, thinking only of Canada, we would prevent an unemployment problem in Canada after the war.

I should like to refer to one gentleman who came before the committee, a humble, capable man from Alberta, from my hon. friend's constituency of Medicine Hat (Mr. Gershaw), Mr. David Hayes. I hope that the new minister will study carefully the proposals made by David Hayes of the Canada Land and Irrigation company. This man has given splendid service to this country in that dry belt. With the expenditure of a few million dollars he could continue his present irrigation programme up to the environs of Medicine Hat. Anyone who wanted to see what a dried-out area is needs only to go west from Medicine Hat. I went over the area very carefully last summer. It would break one's heart to see the abandoned houses and barns and to think of the effect that it must have on that fine city of Medicine Hat. What an effect it would have if those works west of Medicine Hat were completed and, instead of there being 200,000 acres of non-irrigated land growing nothing, they were irrigated, as they could be and made productive if the Canada Land and Irrigation company were given assistance. A non-productive area adds nothing to the national wealth of the country. But an area producing all sorts of crops that could be produced with the help of irrigation water which is available if we would only store it and convey it, means additional national wealth and much employment besides.

I must hurry along. The Canadian Manufacturers' association made a submission to the senate committee. Their submission asked several important questions. I think the Prime Minister alluded to the sum and substance of them. I shall place them on *Hansard*. No. 1 was as follows:

> To what extent will other countries abolish import and exchange restrictions and quotas and reduce their customs tariffs? There has been some talk of this but as yet no action.
>
> 2. To what extent will exchanges be stabilized? For example, what might be the effect of the comprehensive proposals announced recently by the British and American governments for the stabilization of exchanges?
>
> 3. Many of our members have greatly increased their exports through imperial preferential tariffs. What is to be the future of these preferences?
>
> 4. To what extent will the system of lend-lease be continued after the war?

Therefore the Prime Minister was quite right in referring to conditions that might take place after the war. The members of the Canadian Manufacturers' association submitted those possibilities, and of course everything is predicated upon what can be done. I understand that the two to three thousand manufacturing plants in Toronto have already made plans for about $95,000,000 worth of additions in buildings alone, but to equip those buildings

as they should be equipped will mean the investment of another $225,000,000 in machines and tools. Just fancy what that will mean after the war to the tool manufacturing companies throughout eastern Canada, which to-day are running full blast on war production. I have said before, but it is worth repeating, that if we all get together and do our part to see that men and women obtain employment after this war, by developing this country, there need not be any unemployment.

I should like to speak for a moment or two on one other matter. In addition to new buildings and equipment and the development of natural resources, there are in all parts of the country projects which I could name, if it were not for wearying the house, which would provide employment for hundreds of thousands of men. I could mention projects from Cape Breton right across the country to Vancouver and Victoria, east to west and south to north for a thousand miles; just lying there, waiting for the work to be done which will not only provide employment but open up this country. That is what we want.

I wish to say a word about the human element. I was greatly struck by an editorial which appeared in the Toronto *Star* of May 29. According to the *Star* it might be inferred that the magnificent performance of the Russians in driving the Germans back from Stalingrad, and the Russians' marvellous feats of fighting, could be the result of the physical training they were given before the war. I am going to suggest that the new minister of reconstruction bring in a programme of sports and physical exercises, and I do not mean sport just for the fun of it but sport for the development of the physique of Canadians, so that they may receive the benefits of good physical training. According to this report, in 1914 the Russians had only 250 sports clubs with about 30,000 members; but as they saw the marvellous contributions made to the life of their nation by strong men and strong women, they introduced physical culture classes into their universities; they began to train instructors, and by 1940 they had 50,000 sports clubs of one kind or another, fifty technical schools training instructors, and physical culture classes in universities. As a result they have been able to do things we never conceived they would be able to do when war broke out. We in Canada can do likewise, and in so doing create a great deal of business. I do not know if we have been told how much business and employment a huge physical programme would give, but just think for a moment what would result if we had 10,000 clubs in Canada training young men in all kinds of good, healthy sports, such as baseball, football, hockey, running, and so on. Think what that would mean in equipment. I saw some figures on this matter, but unfortunately I do not have them with me. In addition to the monetary side of the picture, however, I am sure the country would greatly profit from the development of the physical life of our people.

Then, just to give an idea of what can be done, a short time ago I had the privilege of visiting a very great friend of the Prime Minister, Jack Miner. He suggested a programme of rehabilitation which I have not heard mentioned by anyone else. The work he does at Kingsville, Ontario, in connection with wild life conservation brings thousands of tourists and creates a good deal of employment. He said to me, "Why could we not have all over Canada sanctuaries such as I have here; in Alberta, in Saskatchewan, in northern Ontario, away up in Athabaska, and so on?" That would provide employment; that would give training to the people, and I thought it was a very happy suggestion.

Mr. GRAYDON: He is in a class by himself.

Mr. MacNICOL: Yes, I can tell my hon. friend that Jack Miner is one of the greatest men living to-day, in any country. I have in my hand a pamphlet published by the national association of manufacturers of the United States from which I should like to quote two or three sentences in conclusion. The pamphlet is entitled "Jobs—Freedom—Opportunity" and reads in part as follows:

> By jobs we mean regular employment at productive work for everybody able and willing to work—jobs which provide good working conditions and pay fair wages for the work done, jobs which produce those things and give those services which people need, jobs which we select of our own free will and are free to change if we wish—in a word, jobs which create the welfare and prosperity necessary to protect ourselves, our families, and our nation in the years and generations to come. . . .
>
> By freedom we mean the right to live under a government which is the servant, not the master, of the people—without fear that a dictator or his henchmen will control us, watch our actions, listen to our words, tell us what to read, where to live, what to buy, where to work, whom to marry, who our friends can be. Freedom, the freedom for which we are fighting, is the freedom which enables us to choose for ourselves, to make our own decisions. . . .
>
> By opportunity we mean the chance to work and get ahead under our own steam, the chance to plan for our own future, to raise our children with assurance that they can grow and learn and live with that self-respect which is the right of free men.

That is the right of free men. Jobs of a hundred and one different kinds must be available. That is why I rise to support the proposal to set up a Department of Recon-

struction. I hope the minister of that department will follow out the suggestion which has been made, that of coordinating his plans, and getting things under way now. Let him engage engineers and draftsmen of one kind and another to have the plans coordinated, so that when the war is over he will be able to send men here and there and everywhere. That does not mean that he must take men from Ontario and send them to the west. No; that would not be necessary. Let him give the west a chance to live. If a number of things are done, one of which I have mentioned—and I shall mention others later on, on another occasion—and if the west is given a chance, the people of the west will become buyers. They will send to the east—to here, there and everywhere throughout Canada—orders which will provide thousands of men in the east with jobs in factories.

Let us give every part of Canada a chance to live. I am one who says that we have not given the west a fair chance. I shall not say anything further on the point at this time. May I state briefly that I am behind the proposal to set up a ministry of reconstruction.

Mr. J. G. TURGEON (Cariboo): Mr. Speaker, speaking to this matter of reconstruction I would be untrue to myself if I were not immediately to put on record some of the thoughts already expressed by me to audiences outside the House of Commons respecting the manner in which the committee on reconstruction and reestablishment has carried on its work.

As has been said before, the members of that committee come from every geographical division of Canada. They are representative of practically every school of political thought in the land; and yet at no time did party politics ever intrude, or cast its shadow across our discussions and deliberations. As chairman of that committee may I express to the Prime Minister (Mr. Mackenzie King) my appreciation not only of the words he used to-day when referring to the committee, but of the manner which he, as Prime Minister and President of the Privy Council, and his government have given consideration to the various recommendations contained in the reports of that committee.

When the Prime Minister spoke he referred in eloquent terms to the nature of the work accomplished by the expenditure of money during a time of war, and he contrasted the expenditure of money in war time with the expenditure of equal or necessary sums of money for peace-time purposes. In view of what he said I should like to read part of one paragraph from the report of the committee, which was tabled by me in June, 1943. We said:

> When war is over some other definite aim must take its place as a motivating cause of national economic activity. Thoughts of those who return to us from the field of battle and of the dependents of those who die, and of what they fought and died for, will supply the aim. Your committee is certain that the means of doing so will be found in the conservation and proper utilization of our natural resources, and in the decision that markets will be sought for our production by governmental intervention where necessary from time to time. In this respect we welcome the conclusion arising from the united nations food conference that never again will food be destroyed simply because people have not enough money to buy it.

A little later in the few minutes during which I shall address the house—because I intend to close at six o'clock—I shall make reference to the manner in which money may be procured, if emergency should arise. Before doing that, however, I would turn to some other matters, and would deal first with a further statement appearing in the report of the committee in January:

> Your committee feel that it is well within the power of governments and industry to maintain full employment for all Canadians during the period of transition from war to peace-time activities.

Then we went on to deal with the provisions which must be—I was going to say "ought" to be, but I believe "must" is the better word—made for the returning veterans. In that connection I would call the attention of the house to paragraph (e) of section 2 of the bill, where we find the definition of the word "reconstruction". It says:

> "Reconstruction" means the reestablishment in civil life and reemployment on demobilization of the men and women of the armed services, of persons released from war industries, and the reorganization of industry, in order to provide maximum production and full employment during and following the change-over from war-time production of industry to peace-time production, and includes every undertaking by dominion, provincial or municipal authority or by any corporation or other person which may contribute to such reorganization.

I agree with the Prime Minister as to the change he suggested in the explanatory note, but it would be difficult to give to the department duties of a more general or more onerous nature. This, therefore, is a recognition of the fact that the government realizes and is determined to carry out every step necessary to maintain economic activity in the days of peace. The definition includes the two phases set out to-day by the Prime Minister, namely, those of domestic and international economies, depending upon trade and

commerce which, in turn, depend upon the relations between Canada and other nations of the world.

The Prime Minister made a brief reference to the fact that the conduct of Canada during this period of war has been a sort of preface to the work which must necessarily be done by Canada in days of peace. I should like to bring to the attention of hon. members the truth of that statement. We have debated, and there has been discussed in the country, the question of mutual aid, and all it implies. I shall not go into details in that matter. This mutual aid policy has built up in favour of Canada an extremely good feeling among those allied nations in the company of which Canada is fighting this war against Germany and Japan—and formerly against Italy.

Then we must consider the conduct of the war, as it is carried on partly by civilians, governmental officials and others, and especially by the youth of Canada who to-day and for some years past have been fighting the battles of those of us who must remain at home. The nature of the struggle they have been carrying on is such that when, the war being over, a minister of the crown or a government official comes to deal with officials of other nations with a view to bringing about trade and commerce or any other interrelation, he will have had the way paved for him by the courage and determination of our young men and women who are fighting our battles overseas to-day and who in the future will be fighting on the Pacific against Japan.

While trade and commerce are absolutely essential to the maintenance of a full economy, I believe that, regardless of the good relations we hope and feel assured will be ours when the war is done, we can never be certain of the nature and course of entangling alliances when the war is over. We hope for the best, and so long as the present Prime Minister is at the helm of affairs those relations will be of the best. My point is that, regardless of what we may attain by international trade and commerce, it is the supreme duty of the government and this house to make certain that in any event our domestic economy will be in proper condition from the time this war ends, and for all the time following.

Mr. BLACKMORE: Hear, hear. Now you are talking.

Mr. TURGEON: Although industry in many lines is essential, the proper development of our national economy depends on the welfare of the foundation industry of agriculture. I sincerely hope, and I feel positive not only from conversations with the Prime Minister and his ministers but from the wording of this bill, from which time will not permit me to quote much, that the government of Canada are determined that the moment the war is over, at long last they are going to give the agricultural population of Canada that for which they have been striving for generations. The evidence of that is to be found not only in this bill, but in the Farm Improvement Loans Act, in all the facilities for credit for agriculturists, in the determination that from now on those who are engaged in agriculture in all its branches shall be put in the same position as men who gain their living in other branches of our economic system.

In speaking of agriculture I must not neglect to say a word for the branch which is concerned with cattle and live stock generally. I throw out this strong warning—if I may use that word—to the Prime Minister, that as soon as the war in Europe is over—by which I mean that we must reach this point before we have finished the war with Japan—this government must act with dispatch and with energy to make sure that the cattle-men of Canada are once more given that free access to the markets of the United States which the Prime Minister, through his own work, secured for them in the late fall of 1935 and renewed in 1938. Those cattle-men have not this market to-day. They are accepting the situation because of the conditions of war, but we must make certain that that market is returned to them at the earliest moment when war conditions are such that there is no reason why the United States boundary should be closed to our live stock producers.

Another thought occurs to me in connection with agriculture; it relates to secondary industry as well, but for the moment I am dealing with farming. A budget is now in course of preparation. I am making no definite recommendations with respect to it, but I call to the attention of the Ministry of Finance (Mr. Ilsley)—and I do so now because in this bill we are preparing for the days of reconstruction—that farmers generally, but perhaps cattle-men especially, have paid a severe ratio of taxation. The period before 1935 was a time when they had no markets; their market in the United States was opened in 1936; and the period of three or four or five years immediately before the war included some very lean years, when they were selling cattle in my Cariboo country for one to one and a half cents a pound, while at the same time we were paying seventy-five cents to eat a piece of that cattle-meat in the way of steak at a meal. The amount of money which our farmers have on hand—or have not on hand—to put into their business is going to make a huge difference to the way in which they can enter the era of reconstruction.

I have mentioned the ability to finance those things which must be done. We all know that we cannot properly build up agriculture without the expenditure of money; we cannot maintain industry at a high level without the expenditure of money either by private industry or by government. So that I shall not be misunderstood, may I state quite definitely, although I do not think it is necessary, that I am not a socialist; I am a believer in free enterprise. I realize, however, that free enterprise is meant to embrace the ordinary common man, whether he be a small business man, a farmer or a fisherman, as well as the operators of big business enterprises and those who derive their profits therefrom. The profits which some of our small business men, some of our fishermen and some of our farmers have obtained from their operations have not been commensurate with what they have put into their businesses. That is particularly true of the farmer, because the farmer not only puts money capital into his business, but he puts into it his whole life and the lives also of his wife and children, and the profits—I use the word advisedly, because those who engage in business must have profits—accruing to the farmer are not commensurate with the work and the capital which he puts into his operations.

In dealing with expenditures of money I have said on many occasions—sometimes I have been laughed at for saying it; sometimes not—that if in the future we were at any particular moment faced with an emergency which would bring about a lack of production and a shutting down of industry through the creation and operation of fear in the minds of the people who are running industry, under our present banking system—and I am not saying anything for or against the banks—if an emergency of that kind threatened in the days of reconstruction, through the operation of the central bank we could without any trouble bring about an expansion of credit which would take care of the situation and drive the emergency from us.

When we bring about that expansion of credit, whether we should accompany it by heavier taxation and heavy borrowings such as is being done during the war would be determined by the circumstances of the case. The thought I am giving out is this, and I am doing so from my place in the House of Commons because I am convinced that there is in the minds of many, many thousands of the people of Canada a dread that when the incentive of war has left us, the conditions that confronted us ten years ago will be back with us again. Many of us who are here know that that will not take place again, but it is one of our supreme duties and responsibilities to make certain that the people of Canada, and especially those of our youth who are overseas in our armed services, know that we have determined that it never shall happen again, and know at the same time that we have at our disposal the means which our good will can put into force to make certain that their fears in that respect will never be realized.

Mr. BLACKMORE: How do we know?

Mr. TURGEON: We do know.

Mr. BLACKMORE: How?

Mr. TURGEON: My hon. friend is a farmer or lives in a farming district—

Mr. BLACKMORE: I have lived there all my life.

Mr. TURGEON: He knows that for generations we have brought about an expansion of credit every season when the western wheat crop is harvested, and taken to the elevators, and transported by the railways to ocean steamers which carry it across the Atlantic to Liverpool. All that is facilitated by an expansion of credit, because sales of wheat are not made as a rule until the wheat reaches Liverpool. I do not hold that out as a perfect analogy, because the comparison is not complete. While it is not a perfect analogy it does point the way to what may be done and can be done if an emergency should come upon us. The harvesting season is an emergency, because the farmers must harvest their crop within a short time. Is it not also an emergency when people are faced with starvation?

Mr. BLACKMORE: Exactly, and it was so in 1932.

Mr. TURGEON: But the appropriate measures were not then taken.

Mr. BLACKMORE: It was not done then.

Mr. TURGEON: I am not talking of the past but of the future. The Prime Minister touched on this matter when he addressed the American Federation of Labor convention in Toronto a year ago and said that we had learned lessons from the experiences of the war, that we now know what we did not know of some things that can be done to avoid a recurrence of such times. I am pointing out now what can be done, provided that those in authority have the will to do it, and then we can rest easy because we have the means at our disposal.

I have not many minutes left, Mr. Speaker. There are several things of which I wish to speak, but I shall mention only two. There

has been some discussion to-day of the federal-provincial conference dealing with reconstruction. A conference is a necessary step, and here I want to give a word of warning to the heads of all governments in Canada, federal and provincial. I do so as a citizen and as a private member of the house who through his work on the reconstruction committee, has come in personal contact with many hundreds of men and women from the Atlantic to the Pacific. I warn all governments in this country that they must not let constitutional difficulties, clashes between jurisdictions and ministries, stop them from properly carrying out the work of reconstruction. The people of this land will no longer permit conflicts of jurisdiction between governments and clashing of ideologies to interfere with the people's attainment of a proper living atmosphere.

Just a word on housing. I think the national housing legislation which has been in operation for some time, and particularly before the war, did a great deal of good, but the good which it did was confined largely to the big cities where the lending institutions had their offices or agencies. There were innumerable towns and villages distant from the big cities that did not get much benefit from that housing legislation, because the lending institutions did not have their agencies established in the rural areas. Therefore I hope that when the legislation which I understand is now in preparation comes down it will contain provisions empowering the government to make certain that the good arising from the operation of the National Housing Act will be extended also to families that live in towns and villages in rural areas where the lending institutions do not maintain agencies.

My last thought relates to a matter which I dislike to bring up, but it must be considered and my viewpoint upon it must be given. I am thinking now of the Japanese, and this touches a very important part of the whole problem of reconstruction. I do not intend to say much about the Japanese themselves, except to repeat what I have already said in this house, that I am utterly opposed to the return of the Japanese to British Columbia and I am in favour of sending them to Japan when the war is over.

May I speak in complimentary terms of the government and of the House of Commons and of the Senate for the provisions of the Veterans' Land Act, which was given to us two or three years ago through the operations of a committee appointed by this house, and whose chairman (Mr. Macmillan) I see sitting to my left near the Speaker. The Veterans' Land Act provides that the veterans of this war who desire to go into fishing may receive financial assistance in the same measure as those who wish to go into farming. At the end of the last war an amendment was moved in this house making that very suggestion. It was an amendment to a report from a committee, but that amendment was not accepted. I am proud to say that the mover of that amendment was Colonel Cy Peck, of British Columbia, a Victoria Cross man, then member for my neighbouring constituency of Skeena, and the seconder was my father, from the province of New Brunswick, who in spite of his age is still watching the proceedings of this house. The point I wish to make is this. Had that amendment been accepted and the veterans of the last war been given financial assistance to go into the fishing industry we would not have had in British Columbia the tragic situation of having the fishing industry almost entirely under the control of the Japanese at the time the attack on Pearl Harbor took place; and we would not have had the further circumstance that when Pearl Harbor was smashed the Japanese naval authorities had as much knowledge of the Canadian western Pacific at that time and for a couple of years following Pearl Harbor as our own naval authorities had. I leave this thought with the members of the government and the members of the house, that good attains its own end and brings its own reward. If twenty-five years ago we had given more assistance to the soldiers of the last war we would not have had that tragedy on the Pacific coast of Canada. If during the period between the last war and the beginning of this war we had thought less of money and taxation and more of human values and the welfare of the veterans of that war we would have been in a better position, spiritually and morally as well as industrially, to meet this war when it began. But I know that no further urging is necessary because the ministers and the members of the house are desirous of doing everything they can for the veterans. But when we think of reconstruction the supreme goal must be the welfare of those men and women who have been fighting our battles for us. When I say welfare I do not mean charity. I mean that we must see that upon their return to us, those who do not die in this war will be able to secure employment suited to their ability and their skill, that they will have a decent standard of living, and that those from whom the rigours of war have taken away the ability to work will have the same standard of living through the continuance and the improvement of the system of pensions and allowance which we now have.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. W. F. KUHL (Jasper-Edson): Mr. Speaker, if we are to enter the period of peace with the least possible confusion and disturbance, it is self-evident that preparations must be made in advance.

I am fully in accord with any measure which will enable the government to discharge its responsibility for whatever post-war preparations the government can be held responsible. Before any such measure is adopted, however, it is our duty to make certain of the objectives that are involved in it. Because of the heroic exploits and noble sacrifices of the youth of our land we shall all have a new lease of life. We shall be permitted to begin life anew. How imperative, therefore, that we begin in such a way as to be worthy of the dearly-bought victory. Let us make certain that whatever preparations we make will be based upon sound and proper objectives.

What are the objectives of the department which this bill proposes to set up? Are they sound? Are they logical? Are they democratic? Are they Christian? Because this department is to play such an important part in the post-war life it is worth as much as life itself to know the answers to all these questions. The interpretation section of the bill indicates the objective of the department which is to be set up. The definition of "reconstruction" reads:

> "Reconstruction" means the reestablishment in civil life and reemployment on demobilization of the men and women of the armed services, of persons released from war industries, and the reorganization of industry, in order to provide maximum production and full employment during and following the change-over from war-time production of industry to peace-time production, and includes every undertaking by dominion, provincial or municipal authority, or by any corporation or other person which may contribute to such reorganization.

It is abundantly evident from this definition that the objective of this department for the transitional period, as well as for the time following, is not only full employment of the natural resources of Canada but full employment of its man-power as well.

I have discussed full employment as an objective on many occasions in the past. The issues involved are so fundamental and so important that I cannot permit this occasion to pass without once more stating my views on the subject. It is my firm belief that the attitude of parliament and the people on this issue will determine whether Canadians in the post-war world will become a race of free men or whether they will revert to a condition of slavery. The proposition that the natural resources of Canada should be developed to the limit of the desire of Canadians to consume is one that I heartily endorse, but I challenge, with all the energy at my command, the proposition that the providing of employment for men and women in Canada as an end in itself is either sound, sane, democratic or even Christian. To say that the economic system exists for the purpose of providing jobs is to repudiate all the efforts of scientists and inventors since the beginning of time. To contend that the economic system exists to provide work for all is to contend that the Galileos, the Farradays, the Watts, the Stephensons, the Edisons, the Marconis and the Fords are all enemies of the human race.

If the Prime Minister (Mr. Mackenzie King) is sincere in the belief that the economic system exists to provide employment, then I suggest that he should prove the sincerity of his convictions by taking proper action. The first thing he must do is to put the clock back about two hundred or three hundred years. He must as far as possible destroy all our labour-saving machines. Let him disconnect his telephone; let him throw his typewriter out of the window, smash it. Let him prevent the use of power which has been developed and let the people revert to the production of consumers' commodities, and the production of all other goods, by hand labour, and in doing so let them avoid the use of any tools which would facilitate their labour. Let them do everything as laboriously as possible. Having done this and similar things, let the Prime Minister agitate for the imprisonment of all living inventors; let him try them as public enemies number one; and as for the dead ones, dig up their bones and hang them in chains in public places for a warning and an example.

Such are the preposterous conclusions one must be driven to when he lays down the utterly false and illogical premise, that the economic system exists for the purpose of providing employment. Nevertheless, such are the actions to which the Prime Minister must resort if he is to realize his objective of full employment.

The Prime Minister seems to hold that work was divinely instituted as a blessing; but if the story of Genesis means anything at all, it means that our first parents incurred work as a curse. It was a punishment and not a gift. This bill indicates that the Prime Minister fails to realize that mankind for centuries have used their God-given intelligence in making discoveries and inventions which have at last earned them freedom from that curse, and that we of this day and generation must now

shake off the ethics proper to an age of scarcity and substitute therefor the ethics suitable to the age of abundance.

This bill, Mr. Speaker, fails to differentiate between two kinds of work, namely, forced labour and voluntary activity. It fails also to recognize that there are two kinds of forced labour. There is work that is forced on man by nature and there is the work that is forced on man by other men, one being natural work and the other artificial work. Natural work is necessary and dignified; artificial work is unnecessary and is positively degrading. Liberty, therefore, can very well be defined as freedom from artificial, man-forced servitude. Progress, on the other hand, can be defined as freedom from nature-forced labour. Man individually has always striven for liberty; that is, for freedom from servile labour. Man collectively has always striven for progress; that is, for freedom from nature-forced labour. Collectively, man has obtained a degree of progress beyond his wildest dreams. This condition of progress warrants a wider extension of liberty than any people have hitherto enjoyed.

The tragedy of the situation is that just at the time when this extension of liberty should take place the world is faced with the threat of an increasing number of individuals being forced into artificial, man-made servitude or, in plainer terms, into a condition of slavery. That is the condition which is possible in Canada under the terms of this bill. Man's success in freeing himself from nature-forced labour through the increasing use of solar energy has been so phenomenal that an extremely high standard of living is now possible for everyone with very few hours of necessary work. On previous occasions I have indicated that those who have compiled statistics on this subject have shown that if our productive system is accompanied by a proper distribution system an income well in excess of $4,000 worth of consumers' commodities per annum, tax free, would be available for every family of four, and that with the effort of those between the age of twenty-five to forty-five working only four hours a day and four days a week. This was possible as long ago as 1929. How much more will it be possible in the post-war days by reason of the tremendous improvements in our productive technique owing to the incident of war?

The collective striving of man against nature has been so successful that the number of hours of freedom from work is now greater than the number of hours of work. This free time or this freedom from work has been described as unemployment, and has been looked upon as an undesirable state of affairs; yes, it is even considered a disease of the economic system which can and must be cured. I protest and repudiate this attitude of mind. The state of freedom from work imposed by nature, a logical consequence of the successful efforts of science and invention to harness solar energy, far from being a curable disease is an incurable blessing. This freedom is falsely named when it is referred to as unemployment. Properly speaking, it is the condition of leisure, but it is not leisure proper unless it is accompanied by security. The modern slave—the power machine—produces not only a superabundance of goods but a superabundance of leisure as well. Hence the problem which faces the people of Canada is not one of finding employment, but rather one of finding and devising a system which will adequately and equitably distribute the goods as well as the leisure.

The people of Canada must reconcile themselves to the fact that empayment can no longer depend upon employment. Men and women must be enabled to claim bread honourably without going through the farcical motions of work which either is unnecessary or can be performed by a machine more swiftly and efficiently. The fact is, Mr. Speaker, that owing to the legacy of the industrial arts to which the present generation has fallen heir, a substantial heritage in the form of goods as well as leisure is due the people of Canada. This cultural heritage or unearned increment in peace time is represented by the difference between national production and national consumption in any one year that one wishes to consider. Part of the price of every article produced in Canada is not represented by money anywhere in the economic system. This unmonetized portion of our national production constitutes the cultural heritage of the people of Canada. This cultural heritage is there by reason of the efforts of scientists and inventors, many of whom have been dead for years. They are the people who are responsible for this heritage and all we need to do is to accept it and enjoy it.

The only vehicle thus far designed for the distribution of this heritage is the national dividend as suggested by Major C. H. Douglas. At the present time our cultural heritage is being given to the enemy at the rate of fifty per cent of our national production, or the equivalent of $40 to $50 a month for every man, woman and child in Canada, and that through the use of debt money. My suggestion is that when peace returns we pay ourselves this dividend through the use of national debt-free money; and to anyone who contends that we can pay this dividend to the

enemy in war time but cannot pay it to ourselves in peace time I say that he is guilty of the grossest inconsistency.

The national dividend is not something for nothing. It is a dividend, a dividend on the profits of a solvent and successful trading community, Canada Unlimited, of which every citizen is a shareholder by birth. The national dividend is payable in addition to whatever income people now enjoy. The national dividend is payable to all and is the same for all. The national dividend is payable whether a man works or whether he does not work, and anyone who cannot make that concession does not believe in freedom. To those who suggest that a universal dividend would demoralize I can best reply in the words of Desmond MacCarthy, who said:

> They do not love liberty who fear licence.

It is just as absurd to suppose mankind on the whole uniformly bad as to suppose it uniformly saintly. The evidence is that the more you give people decent conditions of living, the more likely they are to behave like reasonable citizens. To claim that human beings are essentially vile and can be kept within bounds only by being kept so busy that they have no time to get into mischief is positively a pagan conception of life and should not be tolerated in a country calling itself Christian.

The struggle to overcome difficulties is most ennobling, but we have reached the stage in our economic history when it is no longer necessary for man to consume most of his energies in the mere struggle for existence. Rather than cause harm and injury to society the national dividend will grant Canadians their first opportunity to reach the highest possible state of civilization which any nation can attain, namely, a leisure state. The leisure state is a physical possibility in post-war Canada. The leisure state is not a loafer's paradise; the leisure state is the opportunity of opportunities for man to give expression to his God-given creative instincts without any coercion by either nature or man. When a man is free to choose his own form of activity he becomes a man of leisure. When a man is compelled to work, by governments or others, he becomes a slave. Because man was made in the image of his Creator the only important business he has on earth is to create. If he is cheated of this opportunity he goes bad; in time the society which contains him goes bad. Nothing compensates human beings for being maimed in this way. The essential task of a stable and healthy society is to produce conditions in which the creative instinct will have the fullest play. This, not the finding of employment, should constitute the major task of Canada's statesmen in the post-war period.

The whole purpose of the power machine is to save work, to provide us with more goods and more leisure. The power machine is God's gift in response to man's quest. Let us beware how we mishandle it. In thinking on this subject one writer has said:

> To refuse to allow the machine a free hand is to wantonly throw away the fruits of man's victory over the forces of nature, and be guilty of the foul and heartless blasphemy of flinging the bounty of the earth back into the face of Him who is the "Giver of all good things."

I grant, Mr. Speaker, that it is not possible to enter the leisure state overnight. I am as much aware of the need for a transitional period as are any other hon. members. I am quite aware that we shall be obliged, before the transitional period is over, to expend a good deal of our energies in assisting in the rehabilitation of those countries which have been overrun by the enemy. I quite agree that there must be a transitional period. Nevertheless I insist that the leisure state should be made our objective, and should be attained at the earliest possible moment. The proper use of leisure naturally will be preceded by appropriate education. This involves a complete change in our notions of a proper education. Our present methods of education have one aim, largely; that is, to fit children to earn their living. But our present system of education does not give any attention to the training for leisure, the reason being that it is expected of the greater number of the children that they will not have much leisure. The whole of our life suffers from a lack of balance in our civilization. Because the benefits of the power machine are not distributed we suffer from anxiety, the fear of losing our place in the fierce scramble for jobs, the fear of war, the fear that with age we shall be forced out of the race. Few of us lead lives in which work well done alternates with periods of relaxation. We work all the time, and our work brings us no deep satisfaction. Factory hands are no more than hands; the activity of their minds is stunted and killed off. Those who are mental workers neglect the proper care of their bodies. Once the people of Canada have received the appropriate education they will, in their ample leisure, do those things for which their long education has prepared them. They will build cathedrals, compose music, write books, paint pictures, join in acting plays, carry out scientific research, cultivate their gardens, explore jungles, invent a new type of aeroplane, learn to fly, weave rugs, and learn languages. Every human being brought up in conditions of free-

dom and taught to use his mind and body has something to contribute to the common culture, to be handed on to future generations.

The reason why the ancient civilizations of Babylon, Egypt, Crete, Greece and Rome attained such cultural heights was that the citizens were free from the necessity to work for a living. True, these civilizations rested upon a foundation of slavery, and without this economic foundation none of those ancient civilizations would have been possible. All the menial work, the unskilled work and much of the skilled work was done by the slaves. Thus the citizens were set free for service, both military and civil, for the cultivation of the arts and philosophies, for the dignity of the soldier, the magistrate, the artist or the thinker. The fruits of this system are to be seen in the glory that was Athens, which is the wonder and envy of the modern world. Through the incident of war many of our service personnel have had the privilege of witnessing at first hand some of these achievements. In our own day slavery as it was known in the past is gone, and man is nominally free. He has political freedom but not economic freedom. In these days of mechanical power the machine is fulfilling the function of the human slave of olden times. Just as slavery lifted the burden of toil from the backs of the free citizens of that day, so should the machine do now for all the people of Canada as well as the people of every other country in the world. Not only should the people of Canada be able to attain a state of culture comparable with those ancient civilizations; they should be able to surpass them. It is only by reasoned use of our resources to give all men security, leisure and the power to use it to keep themselves in mental and bodily health and balance that we can be saved. When we do this we restore to life a spiritual meaning; we make reverence for life the principle of our common effort.

Such is the condition of society which ex-service men and others ought to be permitted to enjoy in post-war Canada. Such is the condition of security with freedom which a social credit economy offers as an alternative not only to what Canadians have been subjected to in the past but also to the possible socialistic, communistic or fascist totalitarian state of the future. The way of life which I have pictured in my remarks is not a utopia, unless of course a utopia be defined as a condition of security with individual personal freedom. I have depicted a way of life which is physically possible in the Dominion of Canada. Its realization is not dependent upon factors which are yet to be determined. The modern slave—the power machine—stands at the threshold, awaiting our bidding, to provide all I have alluded to. The national dividend is the ticket of admission to the land of promise, the land which others have beheld from afar, but which is ours for the taking. It is the dividend or chaos; the leisure state or the slave state.

Mr. J. M. DECHENE (Athabaska): Mr. Speaker, in asking for the privilege of speaking to-night from my place in this house, I do so because I am deeply conscious of the possibilities of a part of the country to which I wish to direct the attention of the new ministry of reconstruction. If after the very many able adresses I have heard to-day my remarks appear to be confined to a local issue, may I remind hon. members of the fact that the section of the country I represent is a vast territory in itself, one which has great possibilities and which, furthermore, is the gateway to the great northland extending for a thousand miles or more to the Arctic ocean. A bountiful Providence has filled that area with immeasurable wealth, as a challenge to our young men when they return and to those who have been unable to go overseas, but have contributed their effort through their activities in the war industry of Canada.

I am deeply impressed with the fact that, although my remarks may be considered to be those respecting a certain region in Canada, the possibilities of that region are such that they make matters affecting it a national issue. There can be no doubt that the wealth which can be derived from that great portion of Canada which extends from the city of Edmonton to the Arctic ocean is, indeed, of national importance.

In justifying my mentioning place names which may be unknown to some hon. members, I direct their attention to the fact that every day since the beginning of the war we have learned about new places on the map, places which heretofore were unknown to us but which, because of the advances of our armies, have become vital spots in connection with the winning of the war.

I am impressed by the further fact that, unfortunately, the ordinary private member is unable to acquaint himself, as he might wish, with all parts of this great dominion. Very few of us have the means to travel throughout the length and breadth of this vast territory, in order to become acquainted with its peoples and its possibilities. Therefore I believe I may be pardoned if in the course of my remarks I mention places which may be unknown to some.

In his speech the Prime Minister (Mr. Mackenzie King) covered the ground to such

an extent that it is, of course, impossible for a humble private member of the house to attempt with the same effect to go over the same ground. I am sure all hon. members agree with him when he says that the money with which to carry on this work of reconstruction must come from the disposal on the markets of the world of the great surplus wealth of Canada, whether it comes from the farms, the forests, the mines, the factories or the fisheries.

When I refer to the challenge given our young men and our young women, a challenge which I know they will accept with the same courage with which they accepted the challenge of war, and with the same heroic stand they have shown to-day in redeeming some of the conquered lands of Europe, I know that that challenge will not frighten them. It will frighten them no more than did the challenge which confronted those of us who went out to that great western country fifty or sixty years ago, and under conditions which were very difficult indeed. I am reminded of those conditions by a copy of a painting which I now hold in my hand, and which I should like to show to the house. This print, sent to me by an old friend in the west, describes the first shipment of wheat by stern wheeler on the river from Winnipeg, then known as Fort Garry, on October 21, 1876.

I am reminded of the tremendous strides we have taken since then, of the territory we have covered and of the things we have achieved and are still able to achieve. I know those young people about whom I have spoken are not looking for an easy way out after the war. Using the same courage they are showing to-day, and with the advantage of the training we have given them and are prepared to give them, in order that they may be qualified for the work to be undertaken when they are transferred from the work of war to that of peace, those young people will, I know, succeed. I know that with the training our schools, universities and trade schools are prepared to give, and at this stage are arranging to give those young boys and girls, they will meet the challenge.

Away beyond what is known to-day as productive country in that great treasure house of the northland where, as I say, a bountiful and generous Providence has cast up wealth by millions and billions, those young men and young women will undertake to do their share in redeeming and replacing, in building a competency for themselves in creating new wealth for Canada, and in paying the cost of the terrific struggle in which for the last four or five years we have been engaged.

[Mr. Dechene.]

May I be allowed, as I said in the beginning, to bring some matters to the attention of the new department, and to the minister who may be in charge of it. I ask that minister to give careful consideration to what I am about to say, because I feel it my duty to-night to speak for those people in the far-flung land of the north. I speak for those who know of its possibilities. I would not be fulfilling my duty as I should if I did not rise to-night, when this bill is before the house, and point out to the house and the country, and particularly to the new minister of a new department, the great possibilities offered in that section, a part of which I have the signal honour to represent.

For many years I have agitated for the construction of a new and great artery of transportation in that north portion of the western provinces. I do not wish to weary the house nor do I wish to speak too long, but I must stress the fact that this is not a project which concerns only my constituency or my part of the country. It is one which would tend to develop the whole northwestern section of Canada from Winnipeg and the Hudson bay to the Pacific ocean. This is a plan which was judged good enough to be considered fully by the directorates of the two great national railway companies, the Canadian Pacific Railway Company and the Canadian National Railways, in the years of development between 1926 and 1929.

Plans were made and surveys were completed. Then came that terrible depression which, as was so ably pointed out by the Prime Minister, was caused by the refusal of the nations of the world to trade with one another. That was a time when we had either to keep our surplus of everything being produced in Canada, or to sell it at a ruinous loss. This great development which was about to take place was stopped, and has not been continued since on account of the war, which required all the material that could have been used in the construction of this great transportation system.

There is a plan by the two railway companies together to continue the railroad from Prince Albert to the Cold lake and Lac la Biche country, right through the Athabaska country which I have the honour to represent, connecting at Lac la Biche with one of the northern Alberta railroads, and at the town of Athabaska with another branch to Edmonton, and, further west, with a branch serving the great Peace river country, thereby tapping as it were, important feeders to this great transportation system, and from there on to the Pacific ocean. This will serve northern areas which, I assert, and I do not think those from further south in the west will deny, are the

most productive portions of western Canada. They have known no crop failures; they do not depend on one kind of crop, but have the advantages of a diversity of activity in the farming industry. They produce tremendous surpluses of everything which can be raised on the farms of Canada—stock, dairy produce, wheat, and coarse grains of every kind. In that section of Canada will be found valuable timber limits, great inland fisheries, stores of minerals, all kinds of possibilities which guarantee that a railroad constructed through those vast spaces will immediately become a paying proposition and will never be a burden on the taxpayers of this country.

All this is not a figment of my imagination; it is a tremendous undertaking, which was under way when the war broke out and compelled us to wait for its completion. But I submit to the house and to the department that it is one of the first undertakings which should be proceeded with. It will provide facilities for the great developments which I have indicated; it will also make room for thousands of new settlers, whether on land to be purchased by them or on land to be developed according to the taste of the soldier settler. It will provide for the development of very important fisheries. Need I tell this house that if you go to Chicago or New York, let us say, next winter, the greatest delicacy for which you can ask, one to be found on the tables of the best hotels and restaurants, will not be fish from the seaboard of the Atlantic or the Pacific; it will be the great trout from Cold lake, in the Athabaska district, where, in the finest of waters, five or six hundred feet deep, are found these splendid trout, weighing as much as fifty pounds and regarded as the finest eating fish in the world. This trout is a delicacy for the gourmand, and is so much in demand that we are sometimes unable to get it in our western cities because the United States insist upon taking every pound we can produce.

To the west and north are Lake Athabaska, Lac la Biche and many another great lake which I will not stop to name. While the catch of fish is not, I admit, to be compared with that of either the west or the east coast, it is of great importance to the people living in the north, to the farmers who are settling that section of the country, and to the large number of people who are occupied in getting fish out of those marvellous lakes. Once the war is over and the department is ready to operate in a normal way, a hatchery should be established on one of our rivers in the north in order to maintain the supply of fish in those great lakes of the northland.

I have often spoken of the possibilities of the bituminous sands in the district of Fort McMurray, and I will not repeat what has been said, because I do not want to weary the house with repetition. But I feel, and I believe my opinion in founded on facts, that during the present year the Department of Mines and Resources and the Department of Munitions and Supply will have solved the problem of separating oil from the sands, and that a new and vast industry will soon operate at Fort McMurray and Waterways, the point at the junction of the Clearwater and Athabaska rivers, at the headwater of one of the greatest inland fluvial routes in the dominion, continuing clear down to the Arctic ocean. There is enough bitumen to pave the streets of every city in Canada; and when, as I have said, the Department of Mines and Resources solves, during the present year, the difficulty of separation, we should go on, as a work of reconstruction, to build a highway, pave it with the bitumen we get out of our soil at that point—not imported from Trinidad or anywhere else—into the city of Edmonton, in order that traffic and transportation may be ensured at the lowest possible cost for the sale on the prairies of the oil and its by-products obtained at Fort McMurray and Waterways.

Does the house know that at this same point we have one of the greatest—indeed, by far the greatest, but not yet fully developed—salt mine in Canada? It was discovered and placed in operation through the great work of a former minister of mines, a great friend of mine, a great pioneer, a member of a former Alberta Liberal government, the Hon. J. L. Cote. It was he who found this salt mine; to-day one of the most modern mines in existence is being operated there, and the quantity of salt available is limited only by the market. The highway would guarantee a market, because this branch of the Northern Alberta railroad is unable at present to give a competitive freight rate because traffic originates at only one end of it. I hope I am making this clear. There is no local traffic after you go 125 to 150 miles north of Edmonton, with the result that in order to meet operating costs a higher freight rate must be charged than the traffic can carry, and therefore the salt produced as well as the oil which will be extracted from that area in a few months will be at a disadvantage in competing in the markets of the western prairies and Canada in general.

I am speaking in a hurry, but I wish to place these matters clearly before the house and the department. You will notice, Mr. Speaker, that my speech is not read; it is written in

my heart and in my love of the north country, that country in which I have lived so long. It is inspired by love of its people, so able and courageous, by love of the boys and girls who are now representing us so nobly and heroically on every field of battle, and who will come back to that great north country. Those young men are going as high in the sky as man can reach. From peaceful Canada, which a few months ago did not have a fighting aeroplane, they are now giving odds to the Luftwaffe. Our sailors traversed the seas in winter, when undersea beasts were lurking everywhere, when their ships were covered with ice. To-day the boys of the army are fighting at the doors of Cherbourg, and to-morrow they will be fighting at the doors of Paris and other cities. Do you think that those boys will be afraid of the challenge to go up north and help us develop that great country? It is to be hoped that they will not have been affected by the idea which, unfortunately, some people in this dominion are scattering around, that we are not doing anything, that we are not preparing to take care of those young men. I say this by the way, but I believe those will stand condemned who for political expediency, for the sake of gaining a few votes, attempt to discourage the man who is giving everything he has, who is risking his life, whose bones, it may be, will lie forever in the soil of Europe because he has sacrificed his all for the sake of his country. Let us do nothing which will deprive such men of encouragement. Let us tell him, as it is the truth to tell him, that this country is prepared to do everything on his behalf, and has been so prepared for some time, and that there will be in this country every opportunity for such young men when they come back from overseas; their experience will be invaluable.

Consider what lies north of Fort McMurray. I mention a spot on the map, but I again remind my hearers of the vast spaces which lie there. Do you know, Mr. Speaker, that it is farther from Fort McMurray to Fort Norman, where the Americans built that pipeline into Whitehorse, than it is from Winnipeg to Edmonton Do you know that up there in the north of Canada there is an empire in the making? There are no better people in this world than our strong men of the north, meeting the challenge of that great country. The time will soon come when the tremendous water powers of that great region can be harnessed for the service of our country. I have seen the Chaudiere falls and have been told by some hon. gentlemen of the tremendous volume of water that flows down the Ottawa river. But it is but a drop in the bucket compared with the mighty Athabaska river, the Peace river, the Clearwater river, with all their tributaries eventually falling into one tremendous river dropping hundreds of feet at Fort Fitzgerald. The power is there waiting to be developed in quantities sufficient to meet the needs of all peace activities in the west. It is now lying dormant, but it will not remain dormant long.

I want to congratulate the government upon taking steps to form this new Department of Reconstruction. I know, as the Prime Minister has said, that a lot has already been done on reconstruction. The provinces have all been working on the problem too. The province of Alberta has presented, as the hon. member for Davenport (Mr. MacNicol) told the house this afternoon, a very fine programme to the committee on reconstruction, and that province will cooperate in every way with the federal government. Before a committee at Edmonton representations have been made for a bridge across the Athabaska river, at the town of Athabaska, to open up that great north country where already about 1,000 people are living and are at present served only by a ferry to get in and out. Another great bridge has been proposed over the Saskatchewan river at a point south of Elk Point. These projects are before the government of Alberta and will be submitted when the time comes for the governments to consider their reconstruction programmes.

I wish the hon. member for Davenport were here. I admire him very much for the able address he gave to the house this afternoon. He mentioned the word "unity". He emphasized how it was necessary for us all to get together both now and after the war. That appeals to me, as it does to every Liberal. It is the one thing we have preached ever since the party existed—unity, unity. We may differ with our hon. friends opposite as to the best means of accomplishing our aims, but there is no need to quarrel or fight among ourselves. There is no need for bitterness. We can all get together with one common aim and purpose. I am too humble a backbencher to pretend to give advice to this honourable chamber. There are too many able men here for me to presume to give them advice. But perhaps I may draw from the experiences I have had, and I would say, Mr. Speaker, that while we might have a market for our wheat at perhaps two dollars a bushel, while we might find a market for all our surplus stock and for all the production of our forests and everything we produce, unless we have that unity which we have been preaching for so long, unless you and I have one common aim and purpose, one love and one love only, the love of the soil of

Canada, we cannot have true progress. Surely we should be prepared to spend everything we have to keep the soil of Canada sacred, unsullied by the foot of the enemy. Some may criticize us for spending so much money on the war and for sending our men and women over there, but I wonder how they would feel if the fight were taking place on this soil we love so much. Therefore, let me repeat, let us have one common aim, and one common ambition, the love of our country, no matter whether we were born here or came here and learned to love it. There is one place where we can show our unity, and that is in this new department which is shortly to be organized. I hope that our common aims will be fulfilled one hundred per cent in the reconstruction undertaken under this new department. Again I wish to compliment the hon. member for Davenport upon the noble thoughts he expressed so ably this afternoon when he spoke of unity.

Perhaps I have said enough, Mr. Speaker. It is not very often I take advantage of such an august audience as I have listening to me to-night. I may not be long for this world; we do not know. I may not be long for this house because surprising things happen in politics. We have had a surprise quite recently. But as long as I have the honour and the privilege to sit in this house I shall speak for those who sent me here and give everything I have, every energy and every talent I possess, to this representation.

I have already spoken of the railroad, of the highway, of the power possibilities of the far north. I shall not speak of the gold mines of the north. I am sorry that so few members have visited this great north country of ours. When the war is over and travel is again possible without the Minister of Munitions and Supply (Mr. Howe) scolding us, may I invite the members of this house to visit us, to come to the northland, to the great Athabaska valley and sail down the great Mackenzie river. What a sight that will be for hon. gentlemen! What wealth of knowledge you will acquire; what a knowledge of the possibilities of Canada! Most of us are unaware of the possibilities and the wealth that is to be found in that far north country. Come and visit us. It will be a more enjoyable trip and better for your health than visiting any other place in the world. Do not go and see the battlefields, which would only remind you of every drop of blood that has been shed there and of the quivering flesh of our boys fighting in the struggle for freedom. Come to the peace of the great northland.

May I conclude by saying that I once heard a great orator in western Canada. Some of the old-timers here may remember him. I think the hon. member for Calgary East (Mr. Ross) will, and perhaps the hon. member for Davenport, because he came from Toronto. Apparently many good things come out of Toronto. This great orator once described the beauties of our Alberta rivers and valleys. I shall not attempt to give his exact words, but what he said went something like this: The Beneficent Being who threw the world into space and created the sun and the moon and the stars and the planets and sent them all on their orderly courses, in the presence of which marvels we must all feel so humble, after having taken six days to create this beautiful universe decided to take a rest. And having cast a look upon His work He declared Himself satisfied. I am sure, Mr. Speaker, that He had at that moment overlooked one of the great valleys of the Athabaska river or the Peace river in the northland of Alberta.

Mr. CLARENCE GILLIS (Cape Breton South): As a member of the reconstruction committee I feel it incumbent upon me to express my opinion on this matter. Listening to the Prime Minister (Mr. Mackenzie King) this afternoon, when he introduced the bill, I think the most significant part of his statement was very brief. He made it when he was answering a question of the hon. member for Lethbridge (Mr. Blackmore), and in doing so I believe he struck the kernel of the whole problem. He stated in that answer that during the process of fighting the war our economy was so organized that many things were possible which might be considered impossible during the days of peace, the reason for that being that all the nations had a common objective while prosecuting the war. I hope that those who will be administering this legislation now before the house, in the period of reconstruction, and similar legislation in other countries of the united nations, will also have a common objective in those days of peace. If we have not a common objective in the reconstruction period, then it is an admission that we are not all fighting the war for the same thing. There is not a reason in the world why in the days of peace we should not carry out the many slogans we hear advanced to-day as regards the reasons for the sacrifices which every nation is making in finance, in materials and in human resources. If those slogans are not realized in the days of peace, then I am afraid that the time is not far distant, in the aftermath of this war, when we shall start another conflict.

To my mind this problem, while many hon. members have advanced different theories which are confusing, and which lead one to

believe that the road ahead is difficult and that we have many impasses ahead of us, offers no insuperable obstacle. I have no misconception along these lines because in my opinion the problem is very simple. I believe that if to-day we have difficulties in reorganizing our economy on a peace basis, those difficulties are man-made. They will be difficulties owing to the failure of those in control of the nation and of its resources to recognize the impossibility of returning to the conditions that existed in 1939. The mistakes that will wreck the nation will be the mistakes made in an endeavour to go back to an era that is already dead. I believe that the war has brought one fact very clearly home to all of us, and that is that the reason why we are locked in battle to-day on the continent of Europe is to be attributed to the failure of the leaders of nations, in the period between the two wars, to recognize the inevitable results of trying to hang on to the old machine without making the necessary democratic and social changes which would have brought relief to the people of all the different nations and so averted armed conflict.

In my opinion the world to-day is lined up in two camps and two camps only. On the one side we have the totalitarian nations which represent the era of the past. They are endeavouring to stop the forces of progress, to turn back the pages of history 500 years by giving us dictators. The democratic peoples of the world who believe in moving forward into freedom within the framework of democracy, and making democratic social changes, changes of the kind that would have made a fundamental difference in the structure of every country in the order of society, are the nations which are lined up on the other side and which are fighting to roll back the forces of retrogression. I believe that is true, that on our home front, on the battle front and on every front to-day where people are free, the issue is not the maintenance of the status quo but the bringing about of fundamental changes in the order of society, which will guarantee to every one of the united nations those social objectives for which we are fighting.

If our boys in Europe are dying for anything it is not for a return to the conditions of 1939, and if we are to avoid such a retrogression then those who will handle the problems of reconstruction will have to make drastic changes in their thinking and bring about the necessary changes in the statutes of the country. They will have to change them drastically in order to achieve the social objectives for which, in my opinion, we are fighting this war. If that analysis is true, the only thing necessary is honesty on the part of those who will be implementing the reconstruction programme in the aftermath of the war—no selfishness, no thought of political gain, but merely one desire to give effect to the social objectives for which we are fighting this war.

Mr. McNIVEN: Is that what you told them at Estevan?

Mr. GILLIS: Yes, definitely.

Mr. McNIVEN: You told them it was a capitalistic war.

Mr. GILLIS: The hon. member can make his own speech, Mr. Speaker, while I am speaking as a member of the reconstruction committee, I desire not to be interrupted. If the hon. member wishes me to say what I said at Estevan and if this house is prepared to give me the privilege of saying it, I am prepared to repeat it. However, as I pointed out a moment ago, we must have a full recognition of these social objectives. Those who desired to maintain the status quo, those who feared social changes more than they feared Hitlers, are responsible for the war.

As a member of the committee, I had the privilege of sitting in at almost all the meetings since its inception, and I wish to pay a compliment to the chairman of the committee. I found him fair, impartial, capable and endeavouring to do the best kind of job he could with the machinery at his disposal, and I found the committee as a whole non-partisan, studying the whole problem of reconstruction from the point of view of the evidence presented to it and in the light of what was best for the nation. I have only this criticism to offer. Hon. members will recall that when the committee was set up I said in the house, on the resolution for the constitution of the committee, that in my opinion the machinery provided gave the committee one of the most important jobs delegated by the government to any committee and that that machinery was totally inadequate to handle the problem which they had to undertake. I suggested at that time that there should be coordination between the work of the James committee and the work of the economic advisory committee and the interdepartmental committee on pensions and national health which was handling certain matters pertaining to reconstruction. There should be made available to the general reconstruction committee, as it was to the parliamentary committee, a secretariat through which the evidence presented to the committee could be sifted and a precis given to the members. We could have then perhaps brought in fuller and more explanatory reports and thereby made a greater contribution to the department that is now being set up than we did.

I think the machinery that we had at our disposal was inadequate. I know the chairman of the committee was placed in a position where he had to make a digest of the reports himself. Reams and reams of evidence were presented to the reconstruction committee. In my opinion some of it was the most valuable data that any committee in Canada could get. We met every section of society, from the bankers to the trades unions. We met the provinces. All of that evidence is on file. We have it. There is so much of it that it is impossible for the average member who attends to his work in this house even to read it, much less make a digest of it. I think the committee did as good a job as could be done with the machinery provided for it.

When this bill becomes law I hope that the minister who will administer the department will not fail to take the reports presented to this house, short as they were, and study them. Certain definite recommendations were made with respect to works programmes necessary to the nation in the different sections of the country, programmes that would provide considerable employment in the period after the war. I hope that these reports presented by this committee will be one of the main pieces of evidence that that ministry will study when they are making their recommendations for a programme of works across the country. I am all in favour of setting up the department. I think this is the department that will have most of the headaches in the period of the war. I hope that the machinery will be adequate for the job.

There are many opinions on this matter of post-war reconstruction. I do not pose as an expert on any of the different schools of thought, but I am going to say that I do not agree with those who express the view that all the post-war problems of Canada are dependent upon international machinery that will regulate the economy of this country. I am not in favour of any machinery set up outside Canada that has anything to do with telling the government of Canada what their post-war plans are to be. I think that is the prerogative of the Canadian government and the Canadian people. The government of Canada should organize and arrange the internal affairs of this country in accordance with the wishes of the Canadian people from whom they will receive a mandate to govern in the post-war period, whatever government that happens to be.

I am a little afraid of the school of thought that states that international machinery is to be set up for the purpose of deciding on a monetary unit to regulate international trade, and that a supergovernment is to be set up somewhere which is to arrange the flow of materials from nation to nation. If that is followed through to its logical conclusion, all that it adds up to is the kind of thing against which we are fighting to-day, a dictatorship from the outside superimposed on the smaller nations that are fighting the war at the present time. I am afraid of that kind of thing, and I do not think that, while we are fighting a war, with the picture as it is as between nation and nation, when the war itself overshadows everything, when the future is beclouded, Canada or any other country should commit itself to international machinery that will be able to dictate the internal policy of this country after the war. I agree that during the time of fighting the war, for military reasons, it is the prerogative of those who are handling the military affairs of the nation to sit in conference to develop the machinery necessary to win the war; but when that war is over, the duty of arranging the internal economy of the different countries belongs to the peoples of those countries.

Take this matter of foreign trade. Certainly we need foreign trade; certainly we shall have to sell goods, but I think the foreign policy of any country is merely the reflection of its internal policy. Our job is first to put our own house in order. Nations export only their surpluses, and they import to the extent that they do not develop their own economy or to the extent that they have a shortage in certain commodities. The first thing to do is to put our own house in order, to determine what our surpluses are, what we have to import and what we have to export, to establish a standard of living for the Canadian people. When that is done we are in a position to go to other countries, sit in on international conferences and make the best bargain possible for the people of our own country in cooperation with other nations.

I am a little afraid of those who are rushing headfirst into international agreements without a mandate from the people of this country or the peoples of the other nations who are fighting the war. I do not think anyone has the right, regardless of his military position, to sit in a conference on which we are not represented and about which we know nothing, and decide that certain things are to be done with respect to this country and the other country in the period after the war. It is the prerogative of the Canadian people to advise the Canadian government if and when we get the job of fighting the war off our hands.

I am not going to take advantage of this opportunity to go into all the ramifications of

reconstruction, but I wish to say this with respect to my own province. The premier of Nova Scotia made a presentation to the reconstruction committee. In that presentation he did not paint a very pretty picture. He was very realistic about the problems. We hear talk about cooperation of province with province. The limitations of the British North America Act is often mentioned. I merely wish to say this about the British North America Act. If a constitution that was written seventy-six years ago retards progress in this country, then that constitution should be changed to make for progress. The premier of Nova Scotia pointed out that in so far as he and his government were concerned—and it is a Liberal government in that province—cooperation was a thing that was very hard to get. He suggested that if there is any solution for the problems of the maritimes in the post-war period, decentralization of industry will have to take place. He deplored the trend that is taking place during the war of further milking the maritime provinces of established industries, and that has gone on within the last year or so. He pointed to the closing down of the steel plant at Trenton, the scrapping of the shipyard at Pictou, the closing down of the sugar refinery at Dartmouth, and the closing of the Clark Ruse aircraft plants in Dartmouth and Moncton. If that is to be the trend there is not very much hope for the maritime provinces. Unless there is some definite declaration on the part of the government in the post-war period with respect either to the continuation of the industries that I have just mentioned that have been taken out, or to some programme of creating subsidiary industries in the maritime provinces, then we are only wasting our time and fooling ourselves when we are talking about reconstruction. The time has arrived when we should show our people that we have those plans and that we intend to do a certain amount of work.

Another factor that was brought clearly home to us in the three years that the committee sat was the matter of finances. Province after province made a presentation referring to wonderful works programmes, striking at the basic problems in each province. Each of the premiers wound up his statement with the same plea: "This is all contingent upon the federal government making available to each province the finances necessary to carry this through." The construction industry and other industries made presentations, all winding up with the same statement: "This is all contingent upon the federal government making available the necessary finances." What does it all add up to? In my opinion it shows that the trend to-day is toward greater responsibility on the part of the federal government in the matter of finance, in the matter of developing our natural resources. If those natural resources are to be developed by the federal government, as was suggested by various agencies that appeared before the committee, then there is great necessity for some control by the federal government over currency and credit. In my opinion that will be one of the main points in the post-war period; unless you have some say over currency and credit in the country you will not be able to expand the economy of the country. If the chartered banks are to say where the money is going, and in what volume, that will strangle your post-war development. I am not going into that matter; we have discussed it in the house already, but I am leaving that thought with the government. It has been made clear to me that this will be one of the limiting factors in the development of our resources in the aftermath of this war.

When this bill is in committee I intend to discuss it clause by clause, but for the moment I merely wish to leave this suggestion with the Prime Minister and the government. Everyone I hear discussing the problem simply creates more confusion. We hear many platitudes; we are told the things that cannot be done and the limitations that exist. As I said in the beginning, there are no limitations except an honest desire on our part to see this programme through. I have in my hand a newspaper clipping which I wish to read; it is very short, but I think it points the way for us if we are not afraid of social change, if we are not afraid to make the necessary fundamental changes in our order of society, if we are not scared by the name socialism. I said that the old machine had broken down; it is dead, but it refuses to be buried. Personally I believe that the war means the funeral of the capitalist system. I am going to read this newspaper clipping for the benefit of the hon. member for Regina City (Mr. McNiven), because it happens to be from the Regina *Leader-Post* of May 28, 1944. I do not think anyone would ever accuse the *Leader-Post* of being a socialist organ; I have read a few of its editorials, and I should be inclined to believe that it was rather capitalistic. I read this because I suggested that definite, fundamental changes must be made, not just patches, palliatives or platitudes. They are not going to change anything. We are living in a world that is real. The problem is an economic problem. The war itself is not theoretical. It is practical; it is real; it is there. It is a problem with which we must grapple, and we are grappling with it. We

are fighting it on the battle front. Unless definite social changes are made before the war is over and the eight hundred thousand odd service personnel, the forty thousand women and the million and a half war workers come back to us; if we do not make transitional changes now in a democratic way, while we have the chance, someone will make them for us in a way we may not like. Society will change whether we like it or not; the change will be either evolutionary or revolutionary. While we are wondering, wandering, grasping, debating theories and so on, one country points the way. That country is New Zealand. This little clipping, under the date line Vancouver, May 27, reads:

New Zealand's socialist government is a world leader in social legislation, taking care of its citizens from the cradle to the grave, Hon. David Wilson, New Zealand high commissioner to Canada, said in an address to a service club here Friday.

Benefits were in operation for old age, for sickness, for unemployment, for prenatal and maternity care. Cost of living increase of thirteen per cent during the war time was the smallest of any country involved in the present struggle, he said.

Then he went on to give a list of the services now being given in that country. All the machinery we have on paper; our social security, our health bill, our reconstruction department, which are merely in the preliminary stages in Canada to-day, are working in that country. If we honestly want to do these things, to bring about such changes, and I believe we do, then we require technical advice on how to go about it. Why, then, is not someone from that country here or someone from this country there making an examination of that programme? All the people of this country want is an honest demonstration that we are not repeating the performances of 1914-18. The slogans we are giving to our people to-day are not new to me. I heard them in 1917 and again in 1919, and during the twenty years between the two wars I travelled with a lamp searching for the implementing of any of those promises. You are not going to maintain an order of society that gave its people three wars in one generation—the Boer war, the war of 1914-18 and the present war, together with a depression the like of which the world had never before seen. You cannot keep that up. That has to be changed, and you are not going to change it on paper, by writing bills or resolutions, by broadcasts or through the Canadian press. You have to give a practical demonstration that you mean exactly what you say.

Mr. MITCHELL: How?

Mr. GILLIS: By setting up the machinery.

Mr. MACKENZIE (Vancouver Centre) That is what we are doing.

Mr. GILLIS: I do not admit that. We are building machinery from the top, but you do not solve any problem from the top; the machinery must be built from the bottom. If I were the Prime Minister and wanted to be political about it one of the first things I would do would be to establish an old age pension in this country that would offer security to everyone over sixty years of age.

Mr.. MACKENZIE KING: At least I made a beginning, by starting old age pensions.

Mr. GILLIS: Yes, but when we established old age pensions we set the age limit too high. What you get at seventy years of age is not an old age pension; and when you have to declare yourself a pauper in order to receive that pension I think it is an insult to the aged people of this country. I am not going to quarrel with the Prime Minister about that; he established the principle, with the cooperation of the then hon. member for Winnipeg North Centre, Mr. Woodsworth, and the then hon. member for Winnipeg North, Mr. Heaps. This little group takes some of the credit, without going into the history of the thing. My objection now is that the age limit is too high. A man has not long to live after he gets it. Many people do not live long enough to enjoy it. And then before you get it you have to will your second pair of shoes to the premier of the province in which you live. One of the greatest things that could be done at this time, one of the greatest political gestures that could be made by the Prime Minister—though I am not suggesting for a moment that he would be political—would be to establish an old age pension for every person in this country over sixty years of age. The first charge against the wealth of any nation should be the care of the aged; those who built the nation; those who gave us the institutions under which we live, those who raise families which fight wars for us, and come back and work in industry for us.

Mr. MACKENZIE KING: In regard to old age pensions, did not the Minister of Finance (Mr. Ilsley) make clear that the government was quite prepared to cooperate with the provinces to bring the age down to sixty-five?

Mr. GILLIS: They are always prepared to do it, but they always throw up a straw man so that we cannot get through it, with the cooperation of the provinces. You hide behind the British North America Act.

Mr. MACKENZIE KING: I do not wish to interrupt my hon. friend, but he has referred to New Zealand. I wonder if he has brought out the point that they have only one government in New Zealand, a unitary government, which is able to do things. If there were only one government in Canada the lower age of sixty-five would now be in force.

Mr. GILLIS: I appreciate that. I think we also have one government in Canada. We have a national government in Canada, and that national government passes the basic laws of the country upon which the provinces can base enabling legislation. There is nothing in the world to stop the federal government—since the outbreak of war, for example—from passing an order in council with respect to this matter. They have passed about 65,000 of them for other matters, and there is not anything in the world to stop them from saying: "Due to the war emergency, when it is necessary to relieve the minds of older people of the burden of continuation of the war, and because of the misery they are going through, we will relieve their minds of the problem of future security; and in that connection we are passing orders in council, and advising the provinces that we are prepared nationally to advise them to drop the age in each province to sixty, and that that pension should be given to every citizen of this country, by right."

We have not a pension by right to-day in Canada. You go before a board and if you have accumulated anything at all—it is a programme of indolence, the way it is administered—you cannot own anything, and you cannot earn anything.

It is absolutely necessary to have that pension at the age of sixty. In the post-war period there will be thousands and thousands who will be coming back and claiming employment. At that time many who have already done their duty should be relieved.

I have been in industry for a long time, and I say it is a sad thing to see an old man crippling out to work—yes, crippling out to work, and I say that advisedly—at five or six o'clock in the morning, and then coming in around five o'clock at night, scarcely able to drag himself home. During the bad years he may have had two or three boys, twenty-four or twenty-five years of age, who were lying around the house, with nothing to do.

Those old men should have been on pensions, and the boys should have been working. Insecurity in old age is one of the greatest detriments of any nation. I am reasonably sure that a large percentage of the people across Canada who are in industry are working in fear of insecurity. That is one of the things they have in mind—the matter of an old age pension, and knowing that they are not going to wind up their later years on the streets, or in institutions or living on the charity of a son or a daughter, or in the care of friends or relatives.

I am sorry I got into this discussion about old age pensions, but I feel very strongly about the subject. I have seen so many people in the twilight of their lives, people who have made contributions to the nation, left dependent upon charity. Any man who has worked all his life and contributed a family to the nation is a proud man. The workers are proud; they are independent. They do not like to be dependent upon anyone, and they should not be dependent.

We get up and say glibly that the banks are entitled to certain profits by virtue of their making investments with their funds. We say glibly that interest has a right to profits because they sit in their offices and clip coupons. But the worker who goes into the coal mine, or the worker who goes to sea, or the worker who farms the land, and who has put everything he has, including his family, into that work, and who has produced the wealth of the nation, is not entitled to anything. He is not entitled to seek a bite to eat when he is no longer able to work.

You see, that is the trouble with the capitalist system. And all the laws are designed for the capitalist, and to protect him. Nothing protects society itself. That is the difference between socialism and capitalism. Socialism seeks to protect society.

I am sorry I got into this discussion, because I had not intended to do so. I hope that the Prime Minister will pay some attention to and will make some analysis of the thoughts I have tried to express. I am absolutely in accord with the setting up of the department. As a member of the committee on reconstruction I am going to interest myself in that phase of the work; and anything I can do in the post-war period to implement the ideas, recommendations and suggestions which have come out of that committee, I shall consider it my first duty to do.

Mr. PAUL MARTIN (Parliamentary Assistant to the Minister of Labour): Mr. Speaker, I am sure the house will agree that next to the prosecution of the war no matter is as important as the problem now under discussion. I was not a little surprised, however, in listening to the speech which has just been delivered, to note the suggestion that the reconstruction of the world should proceed upon the primary consideration of giving to

each country full supremacy over its economic life. That certainly is not in harmony with the speeches the hon. member, himself, has delivered in this house. Certainly it is not in harmony with the speeches of his leader. Nor is it in harmony with the speech delivered in the city of Ottawa by Mr. Nash, the representative in Washington of New Zealand.

Certainly the kind of doctrine advocated to-night is the very kind of doctrine which provoked, and did more to bring about this war than any other circumstance apart from the mischievous intentions of Hitler himself.

Mr. BLACKMORE: That statement is complete nonsense.

Mr. MARTIN: I am sure that upon reflection the hon. member for Cape Breton South (Mr. Gillis), for whom I have the highest regard, and with whom I have discussed this matter on many occasions, will consider that possibly he was given to enthusiasm to-night, rather than to serious consideration of all aspects of the problem; for let us not to ourselves or to our people raise panaceas which we know cannot be properly fulfilled.

Mr. GILLIS: Shirk our own responsibilities by passing them on to someone else!

Mr. MARTIN: I would ask my hon. friend to give me the same attention which I gave to him. Undoubtedly this country must, by its own effort—through the effort of this parliament, and the efforts of the various provincial legislatures—do everything humanly possible to give the kind of security of which the hon. member has spoken to-night, the kind of security which every member in the house, interested in the subject, would want to see our people receive.

But let us look at the realities of the situation. We are not living in a Canada of 1867; we are living in an interdependent world, a world which has contracted almost beyond conception. It is a world where one point on the globe is sixty hours from not more than the farthest point. It is a world in which this particular country, traditionally, to the extent of thirty-five per cent of its income, has been dependent upon what it could sell to other nations in the world.

In the face of this situation I am sure the hon. member would agree that the only satisfactory guarantee of real reconstruction in Canada is predicated upon the most successful measure of international political and economic collaboration.

Mr. COLDWELL: No one denies that.

Mr. MARTIN: The hon. member was not in the house when his colleague spoke.

Mr. COLDWELL: I heard. I was behind the curtain.

Mr. KUHL: A fine collaboration. Tell us what "collaboration" means.

Mr. MARTIN: The leader of the C.C.F. group has said he agrees with that.

Mr. COLDWELL: Surely.

Mr. MARTIN: Undoubtedly that is the situation, and I am not saying this in any political sense. I have talked this sort of thing for twenty years and in some quarters I have been humiliated for doing so. But we have reached the stage in the development of human history where unless the great powers and small powers can arrive at some understanding, not only in regard to political but as well to economic matters, not only shall we not be able to provide at home the kind of security for our people that we want, but we shall set in being again the kind of situation which has provided insecurity and war. Let there be no mistake about that. And this government, not without having made its mistakes, has as its Prime Minister (Mr. Mackenzie King) a man who recently gave expression in London, at a time and under circumstances which were by no means easy or unanimous, to the conviction that as far as this country was concerned it intended in the projection of its foreign policy to contribute the fullest collaboration in both political and economic matters.

Long before that, in our contribution at the food conference in Virginia about two years ago, in connection with the interim food organization which in consequence has been set up, and in regard to the united nations relief and rehabilitation administration, we gave evidence that not only do we want to have security for our people at home but we recognize our obligation in providing security for other countries and other peoples, realizing that in doing so we are at the same time giving a full guarantee of security for our own people. Recently, at the twenty-sixth meeting of the International Labour Conference at Philadelphia, the government of this country, in co-operation with workers and employers, subscribed, along with the united nations and associated powers then assembled, to the kind of policy which my hon. friend has been speaking about to-night, the desirability of giving to the undeveloped areas of the world in addition to the more fortunate nations the kind of social standards and social security which we in this country want and which, I believe, regardless of political interests, we ultimately shall have; recognizing however there, as we did—not only Canada but the forty-three nations assembled —that we wanted to provide a minima of security, and if that could not be obtained by

resorting to measures which were traditional, then measures which were untraditional, measures which were not part of the status quo, must be resorted to in order to provide people with the opportunity of full life.

I am sure that the hon. gentleman, on reconsideration, will recognize that he overstated the case or stated it in a way that he really did not intend.

The problem of reconstruction, it seems to me, falls into two broad categories. First, measures for making the transition from war to peace, when the time comes, as rapidly and smoothly as possible and with the least possible social cost. With regard to this transitional period the government has been alive to the problem. First, we have resorted to the very technique which hon. gentlemen opposite have suggested, for many years—the technique of preparation, the technique of planning. The war had no sooner begun than the James committee and ancillary committees were set up to deal with the problem factually, to understand what that problem was. That technique was in harmony with the kind of planning which hon. gentlemen opposite so often espouse and suggest. The time has come, of course, when these studies, these factual presentations, must be borne in mind and implemented. That is exactly what we are doing to-night in the setting up of a ministry to coordinate, to centralize, to harmonize the action of municipalities, of provinces and of the federal government, based upon the studies which have been made. What better, what sounder, what other sensible course could possibly be resorted to?

During the war, with regard to the problem of transition, the government has had in its very war policies this kind of problem in mind. Its war-time fiscal policy, the price ceiling, controls over production and the allocation of commodities—all have been directed to making an orderly transition possible. They have had the effect, in conjunction with unemployment insurance and the fiscal policy, of building up very great reserves of purchasing power to meet the needs of this period. When you consider that the unemployment insurance fund, now a little more than $200,000,000, built up since 1941 on contributions from the state, employers and workers, will provide in this period of transition, when undoubtedly we shall be faced with the difficulty of keeping men in gainful employment, as we must do, a very useful cushion and one which we shall be pround of having set up.

Mr. GILLIS: And it will last for about six weeks.

[Mr. Martin.]

Mr. MARTIN: It would if everybody went out of work.

Mr. GILLIS: If you went back to the conditions of 1939.

Mr. MARTIN: Yes, if everybody was out of work. Of course it is only an insurance fund.

Mr. GILLIS: That is the programme.

Mr. MARTIN: The programme is not one of having men out of work. My hon. friend should be serious. He laughs. I do not want to laugh about this thing, and I am sure he does not. This government is setting up a reconstruction ministry. It proposes to set up measures which the hon. member had in mind when he spoke earlier. To suggest that the unemployment fund will not last six weeks is to suggest that everybody will be out of work, which obviously would not be the case. All I am saying is that this fund, of which we all should be proud, will be one of the cushioning factors in the transitional period. I have said no more about it and no less. Then the work of the Department of Munitions and Supply in bringing about arrangements for the termination of contracts and for eliminating delays in industrial reorganization is all part of this policy. There is the provision for the disposal of war assets, for the Industrial Development bank, for our employment services. Our greatly extended arrangements for the retraining of military personnel and civilian workers which have been undertaken under the Vocational Training Act will be of tremendous value in this transitional period. One contemplates, Mr. Speaker, that over 300,000 people have thus far taken advantage of our vocational training. One considers in that amazing record—excelled, incidentally, by no other country of the united nations—the great possibilities of that kind of training to fit men for particular jobs in industry, both in the transitional and in the long-term period.

So that it is not fair, it is not true to say that this government has not, during the war itself, prior to the setting up of this ministry, devoted itself to the fullest consideration of this problem. Only this afternoon I was reading a publication issued by the *Fortnightly Review,* an analysis of the work of the various governments of the world with regard to this problem of reconstruction. The Prime Minister held up for our scrutiny to-day the publications of the various committees which have been working on this problem, and these publications have received at the hands of the

Fortnightly Review in its summary a tribute that no other studies were as complete or as penetrating or as far-reaching as these.

The job, I quite agree, is to go beyond the period of study, to implement these recommendations, and that is the sort of thing we are dealing with here to-night, and with which I want to have something in a very special way to say.

Before doing that, let me say that I recognize that the second phase of reconstruction is the putting into effect of long-term run measures on the need for which public opinion has crystallized. There I agree with the hon. gentleman, as I think every member of the house does. That was reflected clearly at Philadelphia when forty-three nations representing various governments and various shades of public opinion gathered together, and where underlying the deliberations of that conference as undoubtedly representing public opinion of the peoples of the world there was the thought that what we have been able to do during the war in providing a high level of employment must be done during the peace. But it will not be of any help to say that the problem can be done simply. It cannot be done simply. But it is one that must be done. To say that it is simple is to overlook all the international entanglements and difficulties in a country like Canada with its currently inefficient constitutional distribution of powers. But that it must be done I fully agree. One of the things that must be done is to recognize, as the hon. gentleman has recognized and as I do, that under the present distribution of powers in this country, powers extended to the provinces on the one hand and to the federal government on the other, there do not reside in this parliament at the moment the powers that are necessary for giving us the opportunity of dealing with some of the problems that will have to be faced.

Mr. BLACKMORE: I challenge that statement.

Mr. MARTIN: The hon. member is a better constitutional lawyer than I am. All I can do is to give my humble opinion. But this government has not overlooked the desirability of taking unto itself powers that now reside elsewhere. It attempted that in 1941, the first real attempt ever made in this country, by having a conference with the provinces in this very chamber, to try to bring about some of the recommendations of the Rowell-Sirois report, with the idea of stream-lining, if you like, our legislative machinery, with the idea of rendering our legislative powers more efficient. Then, not having succeeded in that conference, it is now proceeding to another; and as the Prime Minister (Mr. Mackenzie King) said to-day, steps and preparations are now under way for the holding of another conference between the dominion and the provinces.

While it might be constitutionally possible for us to change the constitution right here and now, one has to consider many other factors. One has to consider that we are a federal state, and if these things can be done by way of cooperation and by way of courtesy, that is the effective way of bringing about the necessary changes. We had a good example of that last December when the dominion Department of Labour met with the provincial departments in a conference, as a result of which certain labour regulations were promulgated. That conference, properly timed and properly prepared, resulted in a great deal of understanding and a great deal of good between the provinces on the one hand and the dominion on the other. I believe that following that model, placing before the provinces the difficulties as we see them and as they undoubtedly see them, it will be possible to arrive at financial measures without which many of these things cannot be done, and at the same time to endow the federal authority with undoubted and undisputed power to deal with matters affecting the social security of our people. That will undoubtedly be one of the matters which will come for the consideration of the future minister of reconstruction.

I should like to say something arising out of my connection with the Department of Labour. I have recognized, as I believe this house will recognize, and I have recognized all during my time in this house the need for a better understanding between labour on the one hand and management on the other. We have recognized officially in this country under the aegis of the War Measures Act the desirability of telling employers that their workers are entitled to sit down with them and to bargain in their own interests. Surely that question has now been removed from the Canadian scene. Any employer who takes the position that he will not bargain with the men who work for him is not only running counter to the law but running counter to what is now the sound social judgment of this country. The disputes connected with union recognition, collective bargaining—all these things I trust are now matters of history.

But there is an opportunity for industry, and in this it seems to me a ministry of reconstruction will have something to do and something to say, or should have. No longer can anyone look upon industry as simply a profit-motive organization. That is not the view of this government. That is not the view of the

Prime Minister of this country, the leader of this government. I doubt if you will find any better definition of the place of industry in modern society than the statement made by the Prime Minister in this house two or three years ago when he said:

> Industry is, or ought to be, in the nature of social service. It is not merely a system whereby capitalists may increase profits, or workers find the means of gaining a livelihood through wages. There is the right of the community which makes possible the carrying on of industry and it is reasonable to expect to have the interest and well-being of the community and its members considered in the rewards of industry. In other words, industry exists to serve a social end, as well as to serve the needs of individuals.

That statement represents my feelings as fully as any statement I can find.

Mr. BLACKMORE: What does it mean?

Mr. MARTIN: It means simply this, that industry does not exist and must not in the future be considered to exist as merely an opportunity for providing profit for those whose interest is in the investment class. In other words, it means that industry exists for the production of goods and for the providing of income and satisfactory standards of living for all of those who share in its operations. That is why it seems to me that a ministry of reconstruction should undertake in conjunction with the Department of Labour, which is now in the process of doing that very thing, to extend the principle of management-labour production councils into a greater democratization of industry. There is no reason why the workers in my own community, for instance, in an industrial city, should not have the privilege of sitting down with management to discuss matters that concern not only the workers themselves directly but matters with respect to the operation of industry, with regard to the fixing of prices of this commodity or of that, and going beyond that, in respect of a more satisfactory income, a greater reward for labour because it, too, makes its contribution to the operations of industry. Some may say that that is going very far; others may say that it does not go far enough. But in my personal judgment it is one of the next steps that we shall face, and I am glad to think that in saying that industry represents a partnership, not only in terms of labour and management but in terms of the distribution of the income of industry, I am expressing the view which my own leader, the Prime Minister of this country, expressed and for which he was for many years severely criticized. I feel that we should extend this principle of the partnership of industry to many of the things we do.

I had dinner to-night with a prominent trade union leader from my own city, a director of one of the biggest trade union organizations in this country. He laid before me the plans of his union, plans that are now in process, with respect to the post-war possibilities of a particular industry with which he is connected. It was not an emotional thing. It was not the approach of an amateur. The union had enlisted some good economists, some experts in the field of taxation, experts in the field of export trade, who are helping the union in trying to devise ways and means of improving its lot in the post-war period and making sure that the men work every day, eleven months in the year, allowing possibly for one month of retooling. That is the constructive approach, and I trust that this ministry of reconstruction, along with the Department of Labour, which is now trying to encourage that sort of thing, will find it possible, not merely in one particular plant, but duplicating the same thing throughout the country, to encourage the employers to sit down with the workers, having before them a carefully prepared document on post-war possibilities for industry. The curious thing is that in this particular case the industry went to the University of Toronto to engage certain economic experts to do the very same job, only to find that the union had beaten them by seven months. I mention this only to indicate what I firmly believe to be the function of government in regard to this matter. The ministry of reconstruction, alive to its job, can encourage that sort of thing, and the benefits would be incalculable.

There are other directions which this ministry of reconstruction can take. What will be the situation when hostilities have ceased? We shall find plants now engaging thousands of men cut off from war contracts and faced with the problem of a heavy surplus of labour. These men will have to be given work, and if work cannot be provided for them in the community in which they happen to be located at the moment; if work cannot be provided through the system of selective service and other agencies, then these men should be given opportunities elsewhere, wherever they may be, through a policy of decentralization of industry such as my hon. friend has spoken of, through possibly the industrialization of rural life by means of chemurgical opportunities, and so on. Whether these things are imaginary or not, they are bold enough to capture the imagination and to invite the future Minister of Reconstruction to approach the problem with that kind of desire behind his every act. The job will be not only to give men work but to make sure that they work for a sufficiently long period in the year.

With the technical skill which we have developed in industry, working for a short time in the year will not be tolerated by the people of this or, I believe, of any other country. That is one question which will have to be dealt with.

Then there will be the question of the transfer of surplus labour and the encouragement of industry from the point of view of location. At present, if an industry wants to come into a particular city it goes and sees the chamber of commerce and discusses the matter with the member of parliament or the mayor. It seems to me that in a properly developed community, a community in which proper and adequate preparation has been made, the ministry of reconstruction would be able to give advice to an incipient industry as to where it should locate, where it would be of the greatest economic value to the community and to the country at large, always of course bearing in mind the question of costs. These, however, will be details which I am sure will be borne in mind by the vigilant ministry of reconstruction which I envisage and which will be established.

The new ministry will deal with other problems which will be of vital importance and which will challenge the imagination of the man who happens to be minister. First of all, there will be the necessity of dealing with such questions as the educational and occupational background of the members of the armed forces, because that information will be essential. We are going to give the members of the armed forces that place in our economic society to which they are entitled. Secondly, the ministry will have to consider information as to the workers likely to be laid off for any length of time in the dismantling of war industries. The Department of Labour at the moment is engaged upon some important surveys in that respect which are proving illuminating and which, carried on more extensively, will be very helpful. In the third place, the ministry will have to consider the probable number and occupational distribution of older workers likely to be retired at the end of the war. It will have to determine the question of labour requirements. It will have to consider the use of government plants for peace-time purposes. It will have to consider the adoption of programmes for post-war employment, such as the building industry. It will have to take action with respect to the demobilization of war industries, guidance and the training and employment of disabled veterans, the planning of public works and so on. So that the man to whom is entrusted this tremendous task will be faced with a challenge, but he will also have a great opportunity.

I believe that in the minds of every member in the house is the sincere desire to be able to contribute in some way to the bringing about of what is called full employment or a high level of employment in the country. I am satisfied that no longer will our people go and receive a dole without at the same time receiving work for which they will be remunerated. Our people will not want to subscribe to the doctrine of the hon. member for Jasper-Edson (Mr. Kuhl).

Mr. HANSELL: How do you know?

Mr. MARTIN: Our people believe in the dignity of work. They do not want to be idle. They want to have an opportunity to work so that they can develop their own personalities and help in the development of the personalities of those who depend upon them.

Mr. BLACKMORE: So you gave them box-cars. They rode the rods.

Mr. MARTIN.: The hon. member speaks of riding the rods. I am arguing against riding the rods. If the hon. gentleman will learn the art of patient listening, I have just stated that our people are not opposed to work. We believe in the dignity of work; and no government, no matter what its political affiliations, will stand for one moment unless it is able to provide the kind of work for our people to which they are entitled.

Mr. BLACKMORE: What happened before the war?

Mr. MARTIN: But that does not mean maintenance of the status quo. The hon. member for Cape Breton South seemed to suggest that we on this side stood for the status quo.

Mr. GILLIS: Not all of you.

Mr. MARTIN: I certainly do not, nor does this government.

Mr. BLACKMORE: What change are you making?

Mr. MARTIN: Look over the record of this government since the war and you will find that we are not the champions of that form of so-called free enterprise, which has not existed for eighty-five years. We are in the midst of a form of society in which there is a great measure of free enterprise, but there is also a great measure of collective action. To suggest, therefore, that we are status

quo'ists, is neither. truthful nor accurate What we honestly believe is this. We believe that we must provide our people with security of employment. If that means the destroying of old labels, then we will destroy old labels. That is the thing. And the very course that we have taken during the war indicates that this government is not tied down but is prepared to experiment boldly, as few countries in the world have experimented, in a manner that surprises many people in the country.

Mr. BLACKMORE: Plunging into debt, though.

Mr. MARTIN: It seems to me that what we must be prepared to do is to have a very carefully and well planned, well thought out system of public investment working alongside private initiative, taking up the slack where necessary, so that in the days when employment will not, because of its own effort, be up to the highest point, the men and women of the country will be given an opportunity to work, whether it be on the basis of the kind of projects contemplated by the national resources planning board in the United States, or whether it be on the basis of other schemes. I for one, as a member of parliament representing thousands of men, who represent thousands of little children who live in homes that sometimes are not fit to live in, know this. I know they will not tolerate any government or any society that is not prepared to do that.

Mr. BLACKMORE: What will they have to do?

Mr. MARTIN: This government is prepared to do that.

Mr. NOSEWORTHY: They showed it last August.

Mr. MARTIN: The hon. member insists upon being political with a man who is not inclined to be political. This government is determined—and its actions to-night in proceeding with this bill indicates that—to take steps which perhaps ten years ago would have branded the Prime Minister as radical and dangerous. I am not unmindful of the fact that the present Prime Minister of Canada has been branded before by many men in high places in this country, who look upon him as a kind of dangerous Liberal who is inclined to interfere with conditions as they are and as they would prefer them.

Some hon. MEMBERS: Oh, oh!

Mr. MARTIN: Hon. members may laugh. The leader of the C.C.F. party, who is generally responsible in these matters, would I am sure subscribe fully to what I have just said. Therefore, Mr. Speaker, in bringing to a close what I have to say may I observe that in this parliament and in this country we are faced with a challenge. That challenge can be met if we have the same vigilance, the same initiative and the same incentive that during these four and a half years of war have characterized the actions of our people and of all hon. members. We must persist in that. If we want to justify the tremendous sacrifice of men, treasure, and of property that is now taking place in Europe and in other theatres of war, then nothing but the fullest determination to bring this sort of situation about will satisfy. I believe that this government is taking the first step to-night in implementing a programme which it has been considering and planning for many months. The validity of that programme will depend upon the way in which it is attempted to be realized. I have every faith that that implementing will take place. If it does not take place, then, of course, the judgment of the nation will be definite. But on all of us, regardless of our political affiliations, is imposed the most terrific responsibility ever placed upon the shoulders of any legislature, the recognition that in the doing of these things we may be tearing with the past, tearing with things that we have cherished; but nothing is to be gained by taking a doctrinaire attitude and saying that only by resorting to this particular form of government, only under this particular theory can these things be brought about. By providing, through experimentation, by providing for a willingness to change, if the old methods will not do, can these things be brought about.

I believe that there is much in our society that has to go and is going. I do not believe that it is all bad. I believe that we want to try to preserve much that is in it; but all that I am really concerned with is to see that the job is done. I would trust that whoever the Minister of Reconstruction may be, his one objective will be not to be tied down by labels, but to be tied down by one desire, and that is to give to the people of this country, in collaboration with the other nations of the world, those measures without which the full life is not possible.

Mr. M. J. COLDWELL (Rosetown-Biggar): When I came into the chamber a short time ago I had no intention of speaking to-night, but having heard the last two speeches I thought that perhaps I should like to comment very briefly upon them.

As I listened to the hon. member for Essex East (Mr. Martin) to-night, I thought that

the sound of the Prime Minister's voice of some twenty-five years ago echoed from this chamber. I distinctly remember going to a meeting in the city of Regina in 1919, I think it was, sitting in Westminster church and listening to the first speech I heard from the right hon. gentleman who is now the Prime Minister of Canada (Mr. Mackenzie King). At that time he was enunciating to the country the recently adopted programme of the Liberal party. It was immediately following the first great war when in men's minds there was the thought of change and the people thought that the war had been fought for democracy. I distinctly remember that programme. I remember the promise it gave to the young people; I remember the promise it gave to the aged; I remember the promise it gave to the workers and others throughout the country, and I wish to say this, that to-night after twenty-five years most of those promises, as far as social legislation is concerned, remain unfulfilled.

Mr. MARTIN: That is not true.

Mr. COLDWELL: Remain unfulfilled.

Mr. MARTIN: No.

Mr. COLDWELL: We have old age pensions. And as my colleague, the hon. member for Cape Breton South (Mr. Gillis) said to-night, the reason why we have old age pensions is that the late leader of this group, the then member for Winnipeg North Centre, the then member for Winnipeg North, Mr. Heaps, and the hon. member for Comox-Alberni (Mr. Neill) fought for them in this house. One of the treasured possessions of this movement is a framed letter which hangs in our national office, sent by the Prime Minister in 1926 in reply to a query presented to him and to the Right Hon. Arthur Meighen, who was then the leader of the Conservative party, as to what they proposed to do with old age pensions and unemployment insurance. The present Prime Minister gave Mr. Woodsworth the assurance that if he received the support in this house that would enable him to carry on the government, old age pensions would be introduced at that session and that unemployment insurance would be considered. We have that letter hanging in our national office. The reply of the Right Hon. Mr. Meighen was not as satisfactory and history records what happened. We got unemployment insurance in 1940, years and years after unemployment insurance was overdue in every country of the world; and moreover because I believe the revenue was valuable to the country at that time, the contributions made by the individual workers to the unemployment insurance fund were to be not only a cushion when the war ended but one means of withdrawing from circulation the wages that would help to reduce the purchasing power of the nation.

Mr. BLACKMORE: A new taxation scheme.

Mr. COLDWELL: With regard to international trade, I am in complete agreement with those who believe—and we all are—that we must have trade between the nations of the world which is to be. But I would point out that the level of world progress is the level of the sum total of the progress of the nations of the world; consequently, my colleague the hon. member for Cape Breton South is perfectly correct when he says that we ought to be endeavouring to control our own economy in order that we may raise the levels of our own standard of living and thus contribute to the progress and the welfare of the world.

This bill is to set up another department, a department which will be valuable in the future. But what is that department going to do? It is merely going to coordinate; it is merely going to encourage the production of plans of whom; of individuals, of corporations? Mr. Speaker, I wish to say to-night that unless we are prepared as a nation to integrate our resources, to plan our economy, to plan our economic ventures, if you like, then we shall not achieve the objective which we have, which is full employment.

Mr. MACKENZIE KING: If I followed my hon. friend aright, he said that the department is only to deal with matters that are put before it by individuals and corporations. He stopped there.

Mr. COLDWELL: No.

Mr. MACKENZIE KING: He did not say that the purpose of the department is to deal with government departments in national planning plans made by the government itself—

Mr. COLDWELL: I do not think I said exactly what the Prime Minister says I said; but what I had in mind was that it was a coordinating department.

Mr. MACKENZIE KING: It is more than that.

Mr. COLDWELL: What I have in mind is this: It is not a department of government which will organize the development of our resources, to plan our economic activities and

to carry them out in the interests of the nation. We still have to rely on private enterprise.

Mr. MACKENZIE KING: No. This is a department to get all of the departments of the government to work on anything and everything that will further reconstruction and development.

Mr. COLDWELL: Of course; but the government is not going to take steps to see to it that we develop our resources ourselves, and I will give a concrete reason for making that statement. Yesterday this house passed a bill to dispose of certain war assets, certain factories, machines and equipment, when the war ends, giving a group of individuals the power to get rid of these things. That was the representation made by the chamber of commerce to the reconstruction committee. As I recall their brief—and I am speaking entirely from memory, because I did not intend to speak to-night—they urged upon the committee that when the war ends, the equipment we have gathered together should not be allowed to interfere with the normal activities of industry in this country. Three years ago I sat in the war expenditures committee and heard an outstanding leader of industry in this country suggest that we should set up a committee to see to it that these things were disposed of in such a way that they would not interfere with normal business enterprise in this country.

Mr. MITCHELL: If my hon. friend will permit a question, he would not dump that nine billion dollars worth of equipment on the market at one time?

Mr. COLDWELL: I would not dump it on the market at all. Anything that can be used to develop our resources or to manufacture goods of value to the Canadian people I would have continue to operate under government control, supervision and ownership. That is what I would do with it, but instead it is proposed once more to deliver ourselves and our economy into the hands of the private enterprisers who led us into destruction following the last war and who were responsible for the years of depression through which we went subsequently. It is all very well to say that to-night the government is penitent, that to-night the government intends to turn over a new leaf and do something in the future; but what is the record of this government? Look back at that record over the years. I remember that in June, 1939, my hon. friends to my immediate left rose in this house and asked that $200,000,000 of money be issued to give work and food and relief to the workers and farmers. I saw that the house was not going to accept that amount, and I moved an amendment suggesting $100,000,000. What reception did we get? We were told that the budget had just been passed, that we had made a large appropriation for the nation's finances, and that we could not afford another $100,000,000. I was looking up the debate the other day, and I remember saying that if war came in the next two or three months we would not find one hundred million dollars but many hundreds of millions of dollars in order to prosecute that war, and we have had to do that. We shall continue to do it until this war is won; but let me say, as the Prime Minister said this afternoon, that what we did in war for destruction we shall have to do for construction when the war is over. Do you mean to tell me that those surrounding the Prime Minister to-day, the orthodox financiers and the orthodox enterprisers, will tolerate an argument of that sort when the war ends? I hear from various sources and I read in the newspapers the continuous demands that even in this budget the excess profits tax must be removed and the income tax reduced, in order that industry may accumulate something for the post-war period. That is the propaganda; that is what the Prime Minister, the hon. member for Essex East and all the others are surrounded with at the present time. I see no disposition on the part of the government in this bill, or in any other bill before this house, to grapple with this basic problem. As my colleague said a few moments ago with regard to conditions before the war, I repeat that a government must be judged, not only by its general philosophy but by its actions in the past, as to the sincerity of its intentions in the future.

Mr. MARTIN: Will the hon. gentleman permit a question, just so that the record may be clear? He has said that this government is surrounded by orthodox financiers.

Mr. COLDWELL: Yes.

Mr. MARTIN: I am not aware of any, except possibly my hon. friend to the left—

Mr. BLACKMORE: The Minister of Finance (Mr. Ilsley).

Mr. MARTIN: I ask my hon. friend if it is not a fact that it was this government which imposed the excess profits tax and raised the income tax to the highest level ever known in this country. This government, which is supposed to have orthodox financiers as advisers, did that, and my hon. friend should mention that fact to be fair.

Mr. COLDWELL: I agree that that has been done, under the necessities of war, but I was saying that the whole propaganda at the present time is to remove those taxes in order that industry may proceed in the normal way. If my hon. friend wants to know whether or not the government are surrounded by orthodox financiers, let him attend the banking and commerce committee and he will soon find out that what I have said is perfectly true.

Mr. BLACKMORE: Not a glimmer of intelligence.

Mr. COLDWELL: We have to reckon, when this war is over, with a situation which, as the hon. member for Essex East has said, will challenge the intelligence of every hon. member of this house and of every party within it. The boys who are in the armed forces, the boys who are overseas to-day, are not going to come back to the kind of Canada we knew before. I have just been through an election campaign in which the paraphrased slogan of the friends of the government was: "Put the retiring premier back in office to give you the same kind of administration in peace that he gave you before and during the war." No, Mr. Speaker, that is not what the young men in the armed forces are expecting of us. I am tired of picking up magazines and reading the propaganda they contain; pictures of boys in foxholes saying, "Gee, I hope Canada will be the same kind of Canada that I left." I say quite reverently, God forbid it. That was the kind of Canada we had under this government from 1935 to 1939, the kind of Canada we had under the preceding government from 1930 to 1935, when boys asking for bread were giving tear-gas bombs; when boys who were in this city in February, 1939, asking for bread were described in this house by members of parliament as yaps, as ne'er-do-wells, and as spineless.

Mr. MARTIN: And there were Liberal members who opposed that sort of thing.

Mr. COLDWELL: That kind of thing has to stop, and what I fear in this bill is that we have another paper organization which will not do anything about it. On behalf of those associated with me, Mr. Speaker, I want to say that there is no possibility of full employment; there is no possibility of doing what I believe the Prime Minister wishes to do, and at the some time maintain the profit and free enterprise system. To-night we have heard a great deal about New Zealand from my hon. friends to my left. The hon. member for Essex East knows what that country has done. He knows that the gentleman who was made president of the I.L.O., Mr. Nash, was elected largely as an appreciation not only of what he had done but also of the leadership his little country has given in the realm of social and economic reform.

Mr. MARTIN: But it is not a socialist government; it is not a government of socialism.

Mr. COLDWELL: Is it not? It is a socialist government, and you cannot tell Mr. Nash that it is not. Of course it is a democratic socialist government, just as we ourselves believe in democratic socialism. Do not tell the New Zealanders that they are not socialists; they simply will not believe you. Therefore, Mr. Speaker, I say that this falls far short of what is expected of the government at this time. I should like to see a plan produced under which we could use this $800,000,000 worth of machines and equipment for which this nation has paid during the war. I should like to see a thorough attempt made to develop the resources of this country, and to prepare plans for their development in the public interest.

Why, when we look across this country to-day and see what is waiting to be done, and no plans to do it—

Mr. MARTIN: That is not true.

Mr. COLDWELL: Yes, it is true.

Mr. MARTIN: It is not.

Mr. COLDWELL: Yes, it is true. Can you tell me of one plan for highways, or to irrigate, or to electrify the country, or for farm homes?

Mr. MARTIN: Hundreds of plans.

Mr. COLDWELL: Just one plan; have you one plan?

Mr. MARTIN: Yes.

Mr. COLDWELL: You have not one plan to do it—not one plan.

Mr. MARTIN: Surely the hon. member—

Mr. COLDWELL: You made your speech; I am making mine. I say the government has not one plan to develop any of these resources.

Mr. MARTIN: And I say that is not true.

Mr. COLDWELL: The only two things up to the present time that are offered to the country are a land settlement scheme—

Mr. MARTIN: No.

Mr. COLDWELL: A land settlement scheme for returned veterans, with an amount of money entirely insufficient to establish young men on the farms, and the other thing is an educational plan. It is an educational plan which I welcome, and I endorse it at the present time. It is not enough to educate our young men; it is not enough to give them technical training. What are they to do when they have had their technical training? Are they to be dependent upon some employer who will say whether they will employ them at a profit, or not? Are they to be dependent upon corporations, as to whether those corporations will employ them or not—and only if they can make a profit out of their labour?

Mr. DUPUIS: They surely do not wish to be regimented.

Mr. COLDWELL: The hon. member for Essex East said a moment ago that the controls which had been put on by the government would be maintained. Is that the kind of regimentation he is talking about?

Mr. MARTIN: I did not say that.

Mr. COLDWELL: Not the kind of controls that we have to-day.

Mr. MARTIN: I did not say that.

Mr. COLDWELL: The hon. member said "controls".

Mr. MARTIN: Does the hon. member wish me to say what I did say?

Mr. COLDWELL: To maintain the controls that we have, as long as necessary.

Mr. MARTIN: Does the hon. member wish me to say what I did say? When I was speaking he was going in and out, back and forth.

Mr. COLDWELL: No, I was not going in and out, and back and forth. I came in from behind the curtains, and sat in my seat.

Mr. MARTIN: I misunderstood my hon. friend, then.

Mr. COLDWELL: Yes, you misunderstood.

Mr. MARTIN: I was suffering from an illusion.

Mr. COLDWELL: That is quite frequent.

Mr. MARTIN: What I did say was that we were not tied to any labels, and that we recognized the need in this day of making great changes in our society.

Mr. COLDWELL: What did the hon. member say about controls?

[Mr. Martin.]

Mr. MARTIN: That in order to effect those changes it would be necessary to have a system of public investment in private enterprise, with private initiative, and I wished the government to maintain a measure of control by which that could be sustained.

Mr. COLDWELL: My hon. friend, like many others, referred to control as regimentation.

Mr. MARTIN: I did not even mention the word "regimentation".

Mr. COLDWELL: No, I know the hon. member did not. But that is the interpretation placed upon the controls. People across this country are criticizing these controls. If we are to have controls—and undoubtedly we shall have to have some controls—let them be democratic controls, not the controls of the kind we have to-day, with dollar a year men at the top assuming the responsibility in connection with these controls, men appointed by order in council. Let us have controls through the democratic organization of the people's representatives. That is something we do not have have to-day.

Mr. DUPUIS: That is our policy.

Mr. COLDWELL: But, sir, what I really rose to say was this, that in spite of all the fine words we have heard—and we have heard them before; we heard them in war time before, and we heard them for a second time to-night—we want to see some action. We want action, rather than words. If there is no action, then we face a period of great difficulty. We face a period of chaos.

I do not wish to see chaos. Rather, I wish to see orderly progress. But that kind of policy which the government has pursued in the past, and is pursuing to-day, does not give me much hope that we shall emerge into an era of peace within our country, or an era of prosperity for the common man. Therefore, Mr. Speaker, I hope that the government in setting up this department will go far beyond what they are prepared to go to-night, and will see to it that the great enterprises which we have built up during this war for the people of Canada are preserved and are used by the nation to give opportunities of life and of work to the great masses of people in this country.

Mr. ADAMSON: I did not wish to interrupt the hon. member when he was speaking. However, he did make reference to a plan. I would point out that there has been a major plan in connection with complete town planning for Toronto. I know the town planning

organization has worked on it for three years, and it has been accepted, and is on view in Toronto.

Mr. COLDWELL: I was thinking of a plan for the whole country. A plan for all Canada would be more fitting than that. However, I do appreciate, of course, what Toronto has done.

Mr. B. M. HILL (Charlotte): Mr. Speaker, my point of view with respect to this bill is different from that expressed by most hon. members to whom I have listened to-night. I took a great deal of interest in many of the proposals presented to the parliamentary committee on reconstruction, and while I found many of them were provincial in character, a large number were national in scope.

Those briefs presented by provincial governments, which had been prepared by departments of public works, departments of agriculture and departments of lands, mines and forests in the provinces, were national in outlook. Also the briefs prepared and presented by the associations of engineers and architects were national in their outlook.

To-day we have heard hon. members discuss labour problems in connection with this bill. However, I believe that discussion might better be had under the Department of Labour than under the Department of Reconstruction. We have heard the statement that the prosperity of the country depends upon the prosperity of the primary industries. That is true. However, that has been taken care of by a guarantee of a price floor on products of the farms and fisheries.

One hon. member mentioned that the success of our country after the war depends upon our exports. Here again, in my view this depends upon the Department of Trade and Commerce. As I view the bill, it would be my opinion that it should have been called, "An Act to Establish a Department of Re-establishment and National Development." I have hopes that this new department will develop into a department of national development.

It appears to me that the development of Canada, so far as national development by the federal government is concerned, stopped about thirty years ago with the completion of the railways and canals construction in the country. I feel that the Prime Minister (Mr. Mackenzie King) should appoint an able man at the head of this new department, one who has a wide national outlook. He should have as his assistant an able man to plan what should be done by the departments. In my view, plans should be prepared for a wide national development. In the first place, I feel that we need several more transcontinental highways, running from coast to coast, and I believe that it is the duty of the national government to provide them. This should be completed in the interests of the devolpment of this country. Lateral highways paralleling the Alaska highway should be extended to the north for the development of all that section in the west, because it certainly cannot be regarded as a provincial obligation. Then there are the flood controls of our great rivers. We have just had a report of a disastrous flood in the northwest territories. This danger will increase as the country becomes more settled, until the yearly damage will run into millions of dollars. In the United States, where more development has taken place, flood damage every year amounts to billions of dollars. The problem is a national one and should be dealt with by this department from the viewpoint of national development.

There is also the matter of protecting our forests. Our federal government derives large amounts of revenue from forests in the various provinces, and it is in duty bound to assist, by building roads and patrolling, to provide fire protection in all the forest areas. The development of our airways must also be undertaken.

As I visualize this department, it will be a permanent organization and over the years will spend billions of dollars on national development. I look upon it as providing the means in conjunction with the Bank of Canada to control and stabilize national income and national employment. If a scheme is prepared envisaging expenditures upon development to the extent of several billions of dollars over the next few years, then, as private enterprise is unable to provide employment, the wheels of progress can be put into action by this development to give employment and raise the national income. So long as private enterprise is able through the demand for its products to stabilize the national income, the department's work can be tapered off; when the demand for the products of private enterprise diminishes, this department can take up the slack by proceeding with a great programme of national development. The one thing necessary is that the minister as the head of the department shall not lose sight of the object for which it is created and must not go on with his development programme when full employment is otherwise available and provided.

Immediately after the war, I assume, the piled-up demand for civilian goods will allow private enterprise to supply all the employment which is called for in the early years.

When that demand is satisfied the department must come in and take up the slack and build up the national income, and do it on a uniform basis. If, as I have said, the department is properly administered it can, along with the Bank of Canada, iron out the high spots in our national economy and smooth out the low spots, so as to maintain a good average national income with steady employment. If whoever is in charge of this department takes that point of view he will have an opportunity of taking care of any depression which we may run into immediately after the war, and, indeed, for many years afterwards, and can foster, over the years, a steady progress which will protect us against periods of depression and avoid periods of excessive employment.

I would urge upon the Prime Minister that this department be established as soon as possible. We know to-day that with the impact of mechanized equipment, powerful armies fade away in a very short time. This war may come to an end very quickly through the collapse of the German army, and we shall then need this department to take care of the difficulties in the immediate post-war period. Unless whoever takes charge has at least six or eight months in which to prepare his plans and to gather around him an able body of administrative assistants, we shall again be facing what we were confronted with in the first year of the war, when we were not at all prepared, and floundered around without getting any results.

Mr. G. E. WOOD (Brant): It was not my intention to speak on this matter to-night, but I have been prompted to do so because of what has been said by some hon. members with regard to the setting up of this new department. I should first like to draw the attention of the house to the comment made by the leader of the Cooperative Commonwealth Federation (Mr. Coldwell) in trying to chastise the Prime Minister (Mr. Mackenzie King) for having been somewhat slow and cautious in bringing down these reforms. I think I have heard speakers of the C.C.F. admit, in exposing their particular philosophy, that it will be some time before they will be able to implement their "pie in the sky" for the people of Canada. After all, even twenty years is not long in the lifetime of a nation, and far more progress has been made in this country under the leadership of our present Prime Minister in the matter of advanced social legislation than has been made in any previous time; also it will compare favourably with that of any other country.

In passing, I would suggest that we try to get a proper perspective in relation to some of the arguments of the C.C.F., because if we take them in their literal sense they are somewhat misleading. The leader of their party to-night was emphasizing the advanced position of New Zealand in social legislation. It depends upon what measuring stick we apply to advancement. I do not believe Canada needs to take second place to New Zealand as regards high standards of living. I have acquaintances in New Zealand and have asked them about this, and I know that their standard of living is not comparable with that of Canadians.

Mr. CASTLEDEN: From the health point of view?

Mr. WOOD: I am not in a position to tell you how many automobiles there are in New Zealand. I have the record in my desk.

Mr. CASTLEDEN: Have you the health record?

Mr. WOOD: I know, speaking of Canada, that in Ontario, every fifth person drives either a truck or an automobile. You could load on these vehicles every person in the province, and you would need to put only five in each vehicle and they could all get out in one procession.

Mr. CASTLEDEN: It might be a good idea.

Mr. WOOD: I believe that to get the same result in New Zealand you would have to put twenty-one persons in each car. Of course it does not follow that the automobile is the only measuring rod of standards of living, but undoubtedly it indicates the purchasing power of a nation, because it is a product which is highly desirable and much in demand.

I should like to commend to the hon. member for Cape Breton South (Mr. Gillis), who wants to bring about fundamental changes, the good old book. Perhaps the best politician in the Bible is King Solomon, whose wisdom is shown in the Proverbs. The Proverbs show that the people of those days experienced some of the same difficulties that we do. I do not look with such misgivings upon this new world so long as we have human beings in it because, in spite of all our difficulties, we have registered a great deal of progress already.

I am one of those who may be considered to have been born in the horse-and-buggy days, but I should like to say that there are some things in regard to reconstruction which it would be well for us to keep in mind. An old philosopher once said that it may be a good thing to have what money can buy, but that it is a tragedy to lack what money cannot buy. There are many things in this

life to contribute to the happiness of people which money cannot buy, if we will only get the right philosophy and the right spirit.

The Prime Minister in his introductory remarks this afternoon said that the government had been successful in enlisting the cooperation of many organizations and of many governments and getting their advice in regard to our reconstruction programme. But I still believe that he overlooked one thing, namely, the spiritual life of our country. Much as I commend the chairman of the reconstruction committee I sometimes wondered if it would not have been better to have before that committee some of the leaders in the spiritual life of our country, to see if they were not in a position to make some contribution to the happiness of society. That is one of the things that should not be overlooked.

I have said that I was born in the horse-and-buggy days when the kerosene lamp was the light of the home and the rag carpet adorned the living room floor, when we had three square meals a day and gave thanks to the Almighty for them. The day's work was preceded by reading a chapter of the Scriptures, followed by a supplication to the Almighty for guidance and direction during the day. I would say to my hon. friends of the C.C.F. that when that supplication was made to the Almighty we always gave thanks for the things we had and were not continually asking for more. I commend that to my hon. friends of the C.C.F., who are feeling more enthusiastic to-day than they did a few short days ago. I would commend that philosophy not only to them but even to the other members of this house. Those were the days in which the mother contributed to the family life and when the whole family would gather around the hearthstone at night. Those were really happy days. I was not brought up to be idle. Idleness was not forced on me. At sixteen years of age I had to do my chores and contribute to the family larder in my own small way. I am not so sure that the hon. member for Jasper-Edson (Mr. Kuhl) made any impression on me by his argument that a living can be made by working only four hours a day and only four days a week. I wonder what would happen to my poor old cows under that system. What kind of cow can he invent that will go three days without milking? These things run through my mind when I hear that particular philosophy expounded by the C.C.F. across the way.

I read an article in the *Globe and Mail* recently about a man by the name of Krugg who said that if a dollar had been invested at the birth of Christ it would be worth so many billions of dollars to-day by virtue of compound interest and to expend the proceeds we would all have to buy 1,500 Ford cars a year. That is the sort of thing that happens when a man goes all out for mathematics and theory without using common sense. My hon. friends over there have the advantage of a great deal of education, but if I did not have an education myself I would far rather have common sense. You can make any kind of argument on theory. But we have to face facts. I rather enjoyed the attitude which the Prime Minister took when he said that in all this reconstruction expenditure the money must not be expended just for the sake of making work but that we want some results from it. I think the money ought to be expended cautiously so that it will finally bring returns.

When the hon. member for Rosetown-Biggar (Mr. Coldwell) was condemning the capitalistic system I wondered if he thought of the extremely high standard of living which we enjoy under the capitalistic system. Perhaps we have not gone as far as some would like us to go, but we have gone far from the days of the kerosene lamp until to-day when by pushing a button my whole home is filled with light from Niagara falls. To-day we have radios in our homes. Can the hon. member for Rosetown-Biggar tell us how many radios there are in New Zealand? He will find that there are only about half the number there that there are in Canada in proportion to population. We can hear the greatest celebrities on the radio in our homes to-day, and it is always a pleasure to hear our Prime Minister while we are sitting around our own hearthstone. This has been brought about under the capitalistic system and I would commend that to the hon. member for Rosetown-Biggar. It is all right for him to argue his philosophy, but it has never been tried out, and if he ever happens to try it out, I should like to have an opportunity of sitting in opposition ten years afterwards and reminding him of some of the great and glorious promises he is making to the people of Canada to-day and of showing the horrible disappointments that had come during his regime.

We may not have all the social security measures that New Zealand has, but we do have wages. Our labouring men are enjoying the highest wages that were ever paid in the history of Canada, and by virtue of that we are having to-day an outbreak of what I call Toryism among the working classes. You make a man wealthy and immediately he becomes a Tory. The labour men to-day are organizing in this country as they never did before and are exerting their influence in

politics. It is only another form of Toryism. The Liberal party has always taken the middle of the road course by trying to give to the middle classes the satisfactions of life, and they have been successful. They went down to defeat on reciprocity in 1911, in trying to give to the farmers a market for their products, and went down to defeat again in 1930 when they were fighting against high tariffs and a restricted trade policy. We told the country what would happen if those policies were put into effect and exactly what we prophesied came to pass. I assure hon. gentlemen that the middle of the road course is the course that the people of Canada want to take. If they experiment again as they have done in the past they will experiment only to their sorrow and they will come back to the middle of the road course. The Canadian people are not socialists but individualists. They come in the main from pioneers who never asked governments for help, but who were prepared to stand on their own feet. This country has been developed on the principle of free enterprise. It has been developed under what the hon. member sees fit to brand as the capitalistic system, but I challenge him to show any other system that would have registered in the last twenty-five years any achievements parallel to the progress registered under that system.

I should like to have spoken longer, Mr. Speaker, but I have purposely refrained from making some comments on this bill which I thought of putting before the house. However, when the bill is in committee there are one or two things which I shall take occasion then to say.

On motion of Mr. Claxton the debate was adjourned.

It being five minutes after eleven o'clock the house adjourned, without question put, pursuant to standing order.

Wednesday, June 21, 1944

The house met at three o'clock.

AERONAUTICS ACT

CIVIL AVIATION AND COMMERCIAL AIR SERVICES—AIR TRANSPORT BOARD

The house resumed from Monday, June 19, consideration in committee of bill No. 133, to amend the Aeronautics Act—Mr. Michaud—Mr. Bradette in the chair.

On section 1—New heading inserted.

Mr. GREEN: This bill is described as an act to amend the Aeronautics Act. In fact the bill contains the domestic policy of the government with respect to civil aviation, not only for the remaining years of the war but also, and primarily, for the years that follow; therefore it puts into effect a permanent air policy for Canada. Once that policy is instituted it will be difficult and costly to change. I believe that the policy will have to be changed, and to-day I propose to point out in what respects it is ill-advised. I suggest to the members of the committee, to the press of Canada and also to the people of Canada, that they scrutinize this bill very carefully before it is put on the statute book.

In the first place the policy is ill-advised in that it makes a minister a dictator of civil aviation in Canada. I say that for several reasons. The bill amends the Aeronautics Act. Under that act wide and drastic powers are given to the minister named therein. The Aeronautics Act is chapter 3 of the revised statutes of 1927. It was passed just after the last war, at a time when we were just beginning to find out things about civil aviation. I do not propose to read any portions to the committee to-day, but as it originally stood the minister referred to was the Minister of National Defence; the act was to be administered by the defence department and it refers to various things having to do with military aviation. But I think that the powers as they stood in the original act are much too drastic for present conditions. Yet all these powers are now to go to the minister who becomes the dictator of civil aviation of Canada. He is to have all these powers except one; he is not to do the actual licensing of flying lines; that power is given to the new air transport board.

Another reason why I suggest a minister is being made a dictator is that under this measure he is being given even further powers. For example, sections 9 and 10 of the bill give the minister power to order the making of very broad investigations with regard to airways; of course the new air transport board is authorized to make those investigations for him.

A third reason why I think the bill gives powers that are too dictatorial is that at the present time the board of transport commissioners licenses all commercial flying services. I hold in my hand the report of the board for the calendar year 1943. Hon. members will find at page 10 this statement with regard to air transportation licences:

> Eight applications for new licences were granted and nine licences were surrendered for cancellation. At December 31, 1943, a total of sixty-five licences were in force, composed of nine international between Canada and the United States, six interurban in Canada and fifty bush services in northern Canada.

All these licences have been issued by the board of transport commissioners. Under the new bill, however, licences are to be issued by the air transport board. That is provided in section 12 (1) but—and this is a very important point—the issuing of any licence is expressly made subject to the approval of the minister. In other words the new board cannot issue a licence without the approval of the minister in person.

Finally subsections 8 and 10 of the same section provide that in certain cases there may be an appeal from the new board to the minister. At present there is an appeal from the board of transport commissioners to the Supreme Court of Canada on questions of law, a proper judicial appeal, and then of course to the privy council. In addition the cabinet, described as the governor in council, have power to review any decision of the board of transport commissioners. That is all changed now; that is all done away with in the case of aviation. The appeal now is to the minister in person.

So I say that in effect this bill makes a minister of the crown the dictator of civil aviation in Canada; and while the bill mentions the Minister of Transport as the new dictator, in section 2 it goes on to say:

> . . . or such other minister as the governor in council may from time to time designate. . . .

Well, the other night the Minister of Munitions and Supply explained to us that this new dictator is not to be the Minister of Transport but is to be the Minister of Munitions and Supply himself. He gave some reasons for that, but in effect the Minister of Transport is being by-passed and these dictatorial powers are being given to the Minister of Munitions and Supply. On June 6 I asked the minister a question in that connection; it will be found at page 3601 of *Hansard*, as follows:

> In effect it makes the minister a dictator in respect of all the airways in Canada, does it not?

The minister gave a very significant reply:

> Perhaps so; but who would you suggest should be dictator?

Then I said:

> I do not think there should be a dictator, myself.

So that I say this bill is ill-advised, in the first place because it makes the Minister of Munitions and Supply or some other minister the dictator of civil aviation in Canada.

Then it is ill-advised in that with its twin, bill No. 101, which is described as an act to amend the Transport Act, it takes away all the jurisdiction of the Board of Transport Commissioners of Canada over civil aviation. In other words it removes the protection the Canadian people now have in respect of one of the principal methods of transportation, by virtue of the powers of this independent board of transport commissioners, functioning on a judicial basis. That protection now is being taken away from the Canadian people in respect of aviation.

The board of transport commissioners is not perfect. As hon. members know, formerly it was called the board of railway commissioners, and on the whole it has done a pretty good job for the Canadian people. It has held sittings in all parts of Canada. I know we in British Columbia found it a very good thing to have this dominion board come out and actually hear witnesses and get our side of the story, instead of sitting here in Ottawa ruling on something only half understood, three thousand miles away from the Pacific coast. In many cases the board of railway commissioners has been a protection to the people of British Columbia and, I suggest, to the people of the maritimes as well, those of us who are farthest away from the centre of things here in Ottawa. The board has built up a good name for itself; it has a good standing with the Canadian people. The way it works is well understood, and by and large I think it has given satisfaction. In 1938 it was renamed the board of transport commissioners. Hon. members will find the change made in the Transport Act, which is chapter 53 of the statutes of 1938. That act sets out the principles on which the board is to function. For example, section 5 reads:

> Before any application for a licence is granted for the transport of goods and/or passengers under the provisions of this act, the board shall determine whether public convenience and necessity require such transport, and in so determining the board may take into consideration, *inter alia*—

Then it goes on to point out all the things the commissioners have to consider:

> (a) any objection to the application which may be made by any person or persons who are already providing transport facilities, whether by rail, water or air, on the routes or between the places which the applicant intends to serve on the ground that suitable facilities are or, if the licence were issued, would be in excess of requirements, or on the ground that any of the conditions of any other transport licence held by the applicant have not been complied with;

There is no such provision in the new bill. This new air transport board is not subject to any direction such as I have read from the present Transport Act. Then paragraph (b) reads:

(b) whether or not the issue of such licence would tend to develop the complementary rather than the competitive functions of the different forms of transport, if any, involved in such objections;

In other words the board had to try to make transport services complementary. There is no such direction contained in the present bill. This new air transport board is virtually given carte blanche to do what it pleases. Then paragraphs (c) and (d) read:

(c) the general effect on other transport services and any public interest which may be affected by the issue of such licence;

(d) the quality and permanence of the service to be offered by the applicant and his financial responsibility, including adequate provision for the protection of passengers, shippers and the general public by means of insurance.

What we have now under the Transport Act is an independent board, which cannot be shoved around by any government or any minister. Perhaps that is one of the reasons that the control of civil aviation is being taken away from that board. Just about a year ago a decision was rendered in connection with air transport between Victoria and Vancouver. Canadian Pacific Air Lines had a passenger service already operating, and the board refused to allow Trans-Canada to put in another duplicating service. That decision may or may not have been right, but in any event it was reached by the board of transport commissioners after a fair hearing of all parties concerned, and I suggest that is the sort of procedure we should have in Canada. I have here the proceedings of the standing committee on railways and shipping for Monday, March 27, 1944, in which this very hearing was mentioned by Mr. Symington, president of Trans-Canada Air Lines, who said at page 21:

The situation under the present law is that the board of transport commissioners decide on public necessity and convenience, and they said that in their judgment the passenger service was sufficiently served by the Canadian Pacific Air Lines and that therefore they would only grant us the mail privilege in so far as that local traffic was concerned. That was the finding of the board.

Mr. Symington said elsewhere in these proceedings that in his opinion that decision had been reached after a fair hearing.

But this bill sets up a new air transport board. Once it becomes law we shall have two boards, the board of transport commissioners, dealing with other forms of transportation services, and the air transport board, dealing with air transportation. The minister himself admitted that the functions of the two boards were different. I asked him a question in that connection on June 6. Those questions and answers are reported as follows at page 3604 of *Hansard:*

Mr. Green: In other words, the air transport board is to be directly under the minister?

Mr. Howe: Correct.

Mr. Green: The minister said that that, as I understand it, was not the position of the board of transport commissioners.

Mr. Howe: That is correct, yes. The board of transport commissioners is a judicial body equivalent to a court, and its duty is to administer an act. That board has no function beyond the administration of the act—a wholly judicial function. This is a board which is both judicial and advisory.

Which, I submit, is trying to place this new board on both sides of the fence at once. No provision is contained in bill 133 for the exercising of judicial discretion by the new board. No provision is contained against discrimination. There is no provision for having hearings at which other interested parties may appear. I submit, Mr. Chairman, that this new air transport board cannot be a judicial body. I repeat, therefore, that my second objection to the bill is that it removes from the Canadian people the protection they now have in the form of an independent board with jurisdiction over a vital method of transportation in Canada.

The bill is ill advised also in that the powers given to the new board are too drastic. For example, section 13 of the bill gives the board this power:

The board shall review all licences respecting commercial air services issued under part III of the Transport Act, 1938, or under part VII of the Air Regulations, 1938, prior to and in force at the time of the coming into force of this part, and may cancel or suspend any such licence as it sees fit.

That is directly opposed to the procedure followed in 1938 when the Transport Act was passed. Section 5 of that act protected a licencee who had obtained a licence, before the new act was passed.

Then, in subsection 7 of section 12 we find that this new board may issue licences differing from the licences applied for. That is another very wide power. In section 11 it is given very wide powers to make regulations. In section 14 further dictatorial powers are given. True, they are in the shape of directions to the board. The section reads as follows:

Every licence issued under part III of the Transport Act, 1938, or under part VII of the Air Regulations, 1938, prior to and in force at the time of the coming into force of this part shall be deemed to be a licence issued under section 12 of this act, but every such licence, if not cancelled or suspended by the board under section 13 of this act—

Which I have just read.

—shall cease to be valid on or after the termination, as fixed by order in council, of the war in Europe which commenced on the 10th day of September, 1939.

Mr. HOWE: There is a rather important misprint in the bill, which I believe I should call to the attention of the committee. The expression "on or after" should be "one year after".

Mr. HANSON (York-Sunbury): That does not alter the sense of it.

Mr. GREEN: It just postpones the hanging for one year. I say the principle of automatically cancelling all those licences is dead wrong.

This brings me to my fourth objection to the bill. I say it is ill-advised in that it provides that no licence to operate a commercial air service can be issued to any person or any company engaged in transport by means other than aircraft. That provision is contained in section 12(2), which reads:

No such licence shall be issued in respect of a commercial air service, owned, leased, controlled or operated by any person who is engaged in the transport of goods or passengers for hire or reward by means other than aircraft unless—

And here is a peculiar proviso which gives the government wide powers by virtue of which it can play favourites in this business—

—unless the governor in council is of opinion that it is in the public interest that such licence be issued.

That means that no license can be issued, either to a railway company or to a shipping, bus or trucking company. It cannot be issued to any person or corporation engaged in any other type of transportation. That, again, is a complete about face since 1938, when the minister—the same minister—introduced the Transport Act. Section 3(2) of the Transport Act expressly states that the board of transport commissioners are to try to make all means of transportation in Canada complementary. The section reads as follows:

It shall be the duty of the board to perform the functions vested in the board by this act and by the Railway Act with the object of coordinating and harmonizing the operations of all carriers engaged in transport by railways, ships and aircraft and the board shall give to this act and to the Railway Act such fair interpretation as will best attain the object aforesaid.

Air transport is now to be divorced completely from all other forms of transportation. In that connection one might well ask the question: How are these two boards going to get along together? One board is dealing with railways and shipping and the other deals with air transportation. How are they going to coordinate? Here is the minister's formula for that difficulty, as it is found at page 2192 of *Hansard*. He was asked that question, and replied:

I presume if there is any serious interference between rail and air traffic, the two boards can compare notes and work out their problems jointly. There will be no super-board coordinating all traffic.

That is the extent of coordination and harmonizing that there will be, once this bill becomes law.

In a statement on civil aviation, made some weeks ago, the minister said very frankly that his policy was to put all transport companies out of the air business. That means that Canadian National Railways is going to be right out of Trans-Canada Air Lines. The railway company has done a splendid job of operating Trans-Canada Air Lines; in my opinion the coast-to-coast service is excellent. Yet we are told that now the Canadian National Railways and Trans-Canada Air Lines are to be separated. Then, too, Canadian Pacific Air Lines is to be taken away from the Canadian Pacific Railway; by the act the railway company will have to divest itself of its air lines—air lines which were developed following an announcement of government policy. Here we have a sudden right-about-face in government policy. Both these lines have been built up over a period of years, and I think in both the Trans-Canada and the Canadian Pacific Air Lines we have had efficient operation. There are many communities which depend upon these air services. For example, there is the service from Vancouver to the Yukon, which is flown by Canadian Pacific Air Lines. Then there is the service up into the Mackenzie river, also flown by Canadian Pacific Air Lines. There is the service from Montreal to Quebec, down to the Saguenay and along the north shore of the St. Lawrence, also flown by Canadian Pacific Air Lines. They give good and efficient service, and the people in those communities are entitled to the certainty of continued good service.

Take the service from Vancouver to the Yukon. We do not propose to sit back and see that line wiped out and replaced with perhaps inefficient service because the government or the Minister of Munitions and Supply decides upon a new policy. That is not fair to the people served by that air line. Either the Trans-Canada will have to take it over and render efficient service, or some other provision will have to be made. The minister referred to the Mackenzie river service the other day. He was asked whether it was the

intention to have Trans-Canada fly that service, and at page 2191 of *Hansard* he gave this answer:

> . . . at the moment there is no route down the Mackenzie river, and it is not the intention of Trans-Canada to operate a service in that area.

These operations from Vancouver to the Yukon, along the Mackenzie river and down the St. Lawrence river are not the type of service referred to by the minister as being small operations; nor are they taxi services, as the leader of the C.C.F. called small operations the other day. They do not come under that category. Yet the minister has said that only small operations will be tolerated in Canada.

Mr. HOWE: I never said that.

Mr. HANSON (York-Sunbury): That is the effect of it.

Mr. GREEN: The minister is reported on page 1573 of *Hansard* as follows:

> The government believes that feeder line operations, and pioneer lines into our northland, can best be developed as small operations.

Mr. HOWE: Developed.

Mr. GREEN: We will take it as "developed."

Mr. HOWE: The Mackenzie river service was developed privately as a small enterprise.

Mr. GREEN: It has grown beyond that stage. The air service from Vancouver to the Yukon has grown far beyond that, and much better service is being given now than was given under that scheme.

Mr. HOWE: I said they would be developed as small enterprises. If they grow into large enterprises, so much the better.

Mr. GREEN: The effect of government policy is to discourage all expansion, because a small operator would have no certainty of his position in the future. If he grows too large, or if the minister does not like the way he is doing business, or thinks that he is getting too big or giving competition, then he will just be snuffed out or taken over. That certainly is no way to build up air lines in Canada. In effect under this government policy there is a sword hanging over the head of every small operator of an air route.

Mr. HOWE: Name the small operators.

Mr. GREEN: There will be many small operators as soon as the war is over, as soon as gold mining opens up.

Mr. HOWE: A sword is not hanging over their heads; they are not in existence.

Mr. GREEN: If they develop at all a sword will be hanging over their heads. The leader of the C.C.F. expressed his point of view on this bill very clearly the other day when it was up for discussion. At page 3963 of *Hansard* he is reported as having used these words:

> I have no doubt that even if people do succeed in setting up privately owned airways in this country and elsewhere it will be only a short time before governments will be compelled to take them over and operate them as great public transportation systems. So that in order to avoid the difficulties which otherwise are bound to arise in the future let us establish now our own publicly owned and publicly operated airways system.

If the C.C.F. get into power all airways will be acquired by the government. They are entitled to that opinion, but we think they are wrong. By bringing in this air policy the ministry are simply playing into the hands of the C.C.F. They are travelling along exactly the same lines, and I suggest to hon. members who are supporters of the government that they read bill No. 133 carefully before they support it in this house.

Finally the bill provides that the government may subsidize air operations. Section 16 reads:

> The governor in council may authorize the minister to enter into a contract with any air carrier for the grant of such assistance, financial or otherwise, as may be specified by the governor in council payable out of moneys to be appropriated by parliament for that purpose.

In other words, power is being given to the minister, subject of course to the governor in council—

Mr. HOWE: And to parliament.

Mr. GREEN: It does not say that; it says "governor in council".

Mr. HOWE: It says "appropriated by parliament for that purpose".

Mr. HANSON (York-Sunbury): All money has to be appropriated.

Mr. GREEN: That is the old alibi, but actually it can be done without parliament being here at all. The governor in council merely has to approve the actions of the minister. That means that any favourite of the government may obtain a subsidy. When the Industrial Development bank bill was under debate it was suggested that it be used to help in the financing of these airways. Why cannot it be done in that way? Why cannot these air operators get their financial assistance, the same as anyone else, from the Industrial Development bank instead of the cabinet taking power to grant subsidies to these companies?

I submit that this bill is ill advised in these five respects. I think some other steps should be taken. I have no objections to there being drastic control; it may be that there should be proper controls to prevent lines from being brought together unduly, from being built up, from being amalgamated, but certainly this bill goes much too far. It is a tragedy. Canada should encourage the building up and the expanding of air traffic. We need a bold air policy, and the policy under this bill is not a bold policy; it is a step backward.

Young Canadians are gaining a name for themselves as airmen in this war, just as they did in the last war. The commonwealth air training plan has been conducted with such success in Canada. Before the war we had a remarkable development of flying into the north country. This country should lead in the development of air routes. We should develop every single agency, Trans-Canada, Canadian Pacific and any other operation, instead of trying to throttle civil aviation in Canada with such a bill as this.

Mr. HOWE: This debate has taken an extraordinary turn in producing contradictory debate. First we had it from the hon. member for Lake Centre (Mr. Diefenbaker) as well as from the hon. member for Vancouver South (Mr. Green) that the government is being made a dictator of policy.

Mr. HANSON (York-Sunbury): The minister.

Mr. HOWE: All right, the minister; but the minister is a part of the government and therefore the government is involved.

May I point out that the alternative is to set up a bureaucracy, and the hon. member for Lake Centre spent ten minutes the other night denouncing bureaucracies. Someone must have the responsibility for issuing franchises for air lines, and ever since confederation the government has taken responsibility in the matter of issuing franchises for every type of transportation. It has granted railway franchises—

Mr. HANSON (York-Sunbury): No. Parliament did, not the government.

Mr. HOWE: The government of the day makes the recommendation.

Mr. HANSON (York-Sunbury): The company proceeds to get a charter by way of a private bill, asking for the right to go on, and parliament decides. Can the minister not distinguish between the two?

Mr. HOWE: I do not know that there is a great deal of difference.

Mr. HANSON (York-Sunbury): I agree, but there used to be a difference.

Mr. HOWE: The purpose of this bill is that the government of the day shall be responsible for the administration of Canada's air policy. I believe that that is a sound principle, and I am astonished that there is not general agreement on that point. The Aeronautics Act, which is being amended, went even farther in centralizing authority, because the minister had the sole authority under that act for the granting of licences.

Mr. GREEN: But that was taken away by the Transport Act.

Mr. HOWE: Yes, in certain particulars, in 1938, and I am coming to that. I will admit at once that the minister is the authority in policy matters, and through him the government of the day takes responsibility. I make no apology for that.

I point out that the board now being established has much wider powers than were given to any administrative board which has dealt with air matters in the past. The board of transport commissioners is bound by the Transport Act and is concerned chiefly with railway problems. The effect of the administration by the transport board was this. In 1938, when the act was passed, there were a great number of independent air operations in this country. Four years later there was only one independent air operation. Every other air operation in the dominion was owned and controlled by the railway companies.

My hon. friend speaks of decisions and mentioned one particular decision of the transport commissioners. That decision was perfectly correct under the Transport Act, but was it in the best interests of Canada? At a time when Canada is extremely short of aviation equipment and when the travelling public requires transport by air as never before, the board ruled that Trans-Canada Air Lines must operate from Vancouver to Victoria with empty seats, because there was another air operation connecting the two centres. The fact that the other operation was overcrowded and could not begin to handle the traffic, and could not obtain planes sufficient to carry the traffic, did not weigh with the board.

Mr. HANSON (York-Sunbury): Was not an appeal provided for?

Mr. HOWE: The decision was not appealed. But was it in the public interest?

Mr. GREEN: Why was it not appealed?

Mr. HANSON (York-Sunbury): It could have been.

Mr. HOWE: Who would consider it of importance?

Mr. GREEN: Trans-Canada.

Mr. HOWE: Trans-Canada Air Lines is a creature of the government; why should it appeal from the decision of a government board?

Mr. GREEN: Trans-Canada did not make the application. I understand it was made by a municipality.

Mr. HOWE: I think it was made by Trans-Canada Air Lines.

There is a departure in policy involved in this amendment, and that is that, in future, transport by air will not be bound by the rules of surface transportation. It will be allowed to develop separately from surface transportation. That I think is sound. It has been found to be sound in other countries. I know of no other country where control of aviation is in the hands of surface carriers. I know of countries where such control is expressly forbidden.

Mr. DIEFENBAKER: What countries?

Mr. HOWE: The United States, for instance.

Mr. DIEFENBAKER: Subject to qualification under their aeronautics act.

Mr. HOWE: Tell me one surface carrier that has control of aviation in the United States. I can tell you of several that were ordered to divest themselves of air operations.

Mr. DIEFENBAKER: Which ones?

Mr. HOWE: The Boston and Maine railroad had an air service between Montreal and Boston, and the railway company was ordered to divest itself of control of that air operation.

Mr. HANSON (York-Sunbury): The railways are operating an air line to Moncton.

Mr. HOWE: I might also mention the Pennsylvania Central, which was also ordered to be divested. I can mention another company, a shipping line, which was operating an air service across the Atlantic. It has recently been ordered to divest. My hon. friend should not be too sure of his facts. If he can tell me of one company in the United States—

Mr. DIEFENBAKER: I am speaking about the statutes.

Mr. HOWE: Their statute is similar in form to this statute, of which my hon. friend is complaining.

[Mr. R. B. Hanson.]

Mr. ADAMSON: A shipping company is still operating the American Export Line.

Mr. HOWE: That operation has been purchased by American Air Lines, I am told.

This board has wider powers than ever were given to any previous aviation authority. The board is not bound by existing legislation. It is given the right to develop its own jurisprudence. It is given the authority of licensing, subject to an appeal to the minister in case the applicant for the licence desires to appeal, just as there is an appeal from the board of transport commissioners to council. It is intended that the board will not be simply a judicial board. It will interpret the law in matters brought before it, and also it will assist the government in actively developing aviation.

Mr. HANSON (York-Sunbury): Acting in an advisory capacity?

Mr. HOWE: In an advisory capacity, and I would like to make that clear, because some hon. members have said that the board should make the policy. I think that would be going too far. I doubt if it would be a wise step to take. It certainly is not the policy of the Liberal government, whether or not hon. gentlemen opposite wish to make it their policy to set up administrative boards independent of parliament.

Mr. HANSON (York-Sunbury): No one has ever suggested that.

Mr. GREEN: I did not suggest that the board should make policy. I said that the board could not do two things, that it could not, on the one hand, advise the minister and, on the other hand, be a judicial body.

Mr. HOWE: I suggest that it can. It can advise the minister on certain matters, and can very well exercise a judicial function also, and will do so.

Mr. GREEN: Is it not supposed to rule, between two applicants, for instance?

Mr. HOWE: It can advise the minister.

Mr. GREEN: The board has no judicial function at all where there is a dispute between two applicants?

Mr. HOWE: The government makes the decision—

Mr. GREEN: Then the board has nothing to do with it at all.

Mr. HOWE: My hon. friend may be interested in knowing how the situation has developed in the past. He told of the number of applications which had been granted by the board of transport commissioners but he did not say to whom they had been granted.

Mr. GREEN: I simply read from the report. I was not trying to conceal anything.

Mr. HOWE: Of the 62 applications granted, I rather think that 61 were granted to one applicant. I doubt whether that is just the way in which this government wishes aviation to develop in this country.

Mr. COLDWELL: Who was the one applicant?

Mr. HOWE: I cannot say at the moment. My hon. friend speaks of subsidies. New air operations in this country have always been subsidized. Lines have been subsidized in the past by the post offices. High mail rates have been given to initiate a service, in the expectation that as the service prospered the postal rates could be reduced. That has usually happened.

Mr. GREEN: Is that not to be done in the future?

Mr. HOWE: No. The post office object to that and quite properly. The post office takes the view that there is no reason why the postal revenues of the country should be used to subsidize an air operation. The policy in the future will be that the postal rate will be fixed at a reasonable figure from the postal point of view and, if an additional subsidy is required, the funds will be voted by parliament. The board will investigate and make a recommendation, after due consideration of the facts and, if the government is satisfied that a subsidy is required to bring the line into operation, that subsidy will be voted by parliament.

Mr. HANSON (York-Sunbury): Is it not true that the postal subventions were given in the first instance to Trans-Canada, and at a high rate, in order to ensure immediate operation?

Mr. HOWE: Yes.

Mr. HANSON (York-Sunbury): There is no doubt about that.

Mr. HOWE: Certainly. That is the point.

Mr. HANSON: (York-Sunbury): That may or may not be a good policy, but I want to have the fact established.

Mr. HOWE: I have said that every operation has been subsidized in its initial stages.

Mr. HANSON (York-Sunbury): By that method.

Mr. HOWE: Operations have been subsidized by the post office. What I am saying is that the purpose of this bill is to change the method, and I think a much more scientific as well as a fairer method, a method more in keeping with the supremacy of parliament, is being adopted.

Mr. HANSON (York-Sunbury): It leaves it to the whim of the minister to play favourites if he wants to.

Mr. DIEFENBAKER: I have seen some reference in the United States press to the effect that the solution there seems to be the adoption of the rule that all first-class mail shall be delivered by air. Has consideration been given to that question?

Mr. HOWE: There is nothing in this bill to that effect. That question is outside the scope of the bill.

I do not know that I have anything more to say at this time, but while I am on my feet I might give the information requested by the hon. member for Lake Centre with regard to applications for franchise. I believe the question was as to how many applications there had been to the board of transport commissioners between April 1, 1943, and March 31, 1944, for licences for transport by air. There have been sixteen applications in that period. I might give the list: Canadian Pacific Air Lines, between points in New Brunswick and Nova Scotia; Canadian Pacific Air Lines in Ontario and Quebec; other points in Ontario and Quebec; other points in Ontario and Quebec, Canadian Pacific Air Lines; another for Canadian Pacific Air Lines, for points in Manitoba; another, Canadian Pacific Air Lines, for points in Ontario; Canadian Pacific Air Lines, for points in British Columbia; Canadian Pacific Air Lines, for points in Quebec, New Brunswick and Nova Scotia; another for Canadian Pacific Air Lines, for points in Ontario.

There is an application for Inter-City Air Lines Registered, Montreal, for points in Quebec and Ontario, and the second by the same applicant, for points in Ontario. There is another for Vancouver Island Air Lines Limited, for points in British Columbia, twenty-six routes; another by Greyhound Lines, between British Columbia and Alberta, nine routes; another, Grey Coach Lines Limited, Toronto, for routes in Ontario, eleven routes; another for Sky Lines Express Limited, Edmonton, for points in Quebec and Ontario; another by M. & C. Aviation Company Limited, Prince Albert, for points in Saskatchewan and Manitoba.

Mr. DIEFENBAKER: What points in Saskatchewan?

Mr. HOWE: I have not the information.

Mr. HANSON (York-Sunbury): All refused?

Mr. HOWE: All held in abeyance.

Mr. HANSON (York-Sunbury): At the request of the minister?

Mr. HOWE: Quite.

Mr. HANSON (York-Sunbury): Yes.

Mr. COLDWELL: Since our view has been brought into the picture this afternoon, I wish to say what we believe. We believe that the air lines should be entirely under government control. That does not exclude the possibility of the taxi lines being operated by private individuals or by private local companies.

Mr. MacNICOL: What does the hon. member mean by taxi lines?

Mr. COLDWELL: A great deal of stress is placed on the young airmen who will be coming back from the war, and the opportunities they will have. The list read by the minister indicates that this country is being entirely sewn up now, if the government permits, by the Canadian Pacific Air Lines, and the battle in parliament to-day is a battle between those of us who believe that the most efficient service can be run by the nation and those who want the Canadian Pacific to get in on the ground floor.

Mr. GREEN: I rise to a point of order, and a question of privilege. There is an inference—

Mr. HANSON (York-Sunbury): An imputation.

Mr. REID: There certainly is.

Mr. GREEN: —that I was speaking for the Canadian Pacific, and I ask that it be withdrawn and withdrawn quickly, because it is absolutely untrue. My hon. friend and his party are very free in throwing around abuse of that kind.

Mr. HANSON (York-Sunbury): And they are pretty thin-skinned when anything is thrown at them.

Mr. COLDWELL: I have nothing to withdraw. What I suggested was—

Mr. HANSON (York-Sunbury): On a point of order, Mr. Chairman—

The CHAIRMAN: The hon. member for Rosetown-Biggar is speaking.

Mr. HANSON (York-Sunbury): But I rise to a point of order.

Mr. COLDWELL: I am speaking to the point of order.

Mr. HANSON (York-Sunbury): You did not raise one.

Mr. COLDWELL: I am speaking to the point of order.

Mr. HANSON (York-Sunbury): Have I the floor, Mr. Chairman? The hon. member for Rosetown-Biggar raised no point of order; he went on with his argument and stated that he withdrew nothing. On the point of order, the hon. member for Vancouver South (Mr. Green) has stated in effect that what the hon. member for Rosetown-Biggar has said is an imputation against his motives and his honour. I agree with him and I think the membership of the committee will agree with him. The hon. member for Rosetown-Biggar must withdraw that imputation against the honour of a private member of this house. I ask the committee to sustain the honour of the member for Vancouver South.

Mr. COLDWELL: I did not make any reference to the hon. member for Vancouver South—

Mr. HANSON (York-Sunbury): The inference is there.

Mr. COLDWELL: —either directly or by inference. I repeat what I have said, that the battle in this parliament at the present time appears to me to be a battle between those of us who believe in public ownership and those who believe that the Canadian Pacific Railway Company should be enabled to get in on the ground floor. That is an expression of opinion to which I am entitled.

Mr. GREEN: On a point of order—

The CHAIRMAN: The hon. member for Rosetown-Biggar has the floor; he is speaking to a point of order.

Mr. COLDWELL: That, I say, is an opinion to which I am entitled, an opinion which I may express. It reflects on no one. It is, as I see it, a statement of fact.

Mr. GREEN: It so happens that I opened the debate this afternoon and so far I am the only one who has spoken on the subject. Now the hon. member for Rosetown-Biggar says that the debate to-day is a dispute between those who believe in the interests of the nation and those who are speaking for the Canadian Pacific Railway Company. That is an imputation which no member of this house should have to face. If a member representing a great constituency is to be faced with that sort of attack the minute he rises to discuss any bill, then there is no use at all of a parliament in Canada. It shows you what we are faced with if the C.C.F. ever get into power. I submit to you, Mr. Chairman, that the hon. member should withdraw.

Mr. REID: On a point of order—

Mr. COLDWELL: I referred to nothing that had been said this afternoon.

Mr. HANSON (York-Sunbury): You did refer to to-day.

Mr. COLDWELL: This debate has been on for several weeks and I am giving my opinion of this debate which I have gleaned over these weeks.

Mr. REID: On a point of order, my point is that the hon. member for Rosetown-Biggar has thrown an aspersion, or put a false interpretation upon what I said. I said the other night that I would oppose this bill, and the hon. member in his speech has practically said that because we are opposing it I am in favour of the Canadian Pacific Railway Company. That is one of the subtle speeches that is made and put across the country as propaganda. I repeat I said that I would oppose this bill and I gave my reasons for so doing. The hon. member for Rosetown-Biggar has not dealt with the bill, nor has he warned the country of the danger that there would be in giving the government or any government the powers that are contained in this bill. All that he said was that if we vote against this bill we are in favour of the Canadian Pacific Railway Company. I wish to deny that because it is unfair.

The CHAIRMAN: On the point of order, I feel that it is a matter of interpretation. I do not think any point of order or question of privilege arises.

Mr. REID: There is a misstatement of fact.

Mr. COLDWELL: May I proceed?

Mr. GREEN: I appeal your ruling, Mr. Chairman.

Mr. HOWE: May I call the attention of the Chair and of hon. members to the undertaking that governs Wednesday sittings? If the leader of the opposition were in his seat he would agree with me in this. The undertaking was that there were to be no divisions on Wednesday afternoon.

Mr. HANSON (York-Sunbury): This is not that kind of division.

Mr. COLDWELL: Mr. Chairman, I do not want to delay the proceedings of the committee. If the hon. member for Vancouver South feels that I made any imputations against him personally, and if it would facilitate the business of the committee I shall withdraw that personal imputation.

Mr. GREEN: I do not want any withdrawal to facilitate the business of the committee. If there is to be a withdrawal it has to be an absolute one.

Mr. HANSON (York-Sunbury): Unqualified.

The CHAIRMAN: Is the withdrawal accepted now?

Mr. HANSON (York-Sunbury): If it is unqualified, yes.

Mr. COLDWELL: I made an unqualified withdrawal.

Mr. HANSON (York-Sunbury): Nobody heard it.

Mr. COLDWELL: If the hon. member thinks there was any imputation—

Mr. GREEN: He does.

Mr. COLDWELL: If he does, then I withdraw.

Mr. CHURCH: It has to be by leave of the committee.

Mr. CHEVRIER: The Chairman has something to say about it.

Mr. COLDWELL: If I may proceed, I wish to say that as far as safeguarding these young men are concerned I think the list read by the minister this afternoon shows conclusively that an attempt is being made to gather up these franchises while the war is on. The franchises that have already passed into the hands of the Canadian Pacific Air Lines Limited have been pioneered by men who to-day no longer own those franchises or air lines. It is impossible for a young man, no matter how well trained he may be as a flyer, or for any combination of young men that I can conceive of, on returning from the war to be able to purchase the necessary equipment to operate an air line efficiently. The very fact that those air lines have already passed out of the hands of those who pioneered them is substantiation of what I say, namely, that the equipment for air lines is so costly that only a wealthy corporation or a group of individuals can possibly operate a great air service in this country. The alternative with which we are faced in Canada is, I repeat, whether a private corporation, powerful in itself, shall be permitted to obtain a monopoly of the new franchises that may be granted, or whether this great natural monopoly shall remain in the hands of the people where such monopoly properly belongs.

Mr. HANSON (York-Sunbury): Will the hon. member tell us why it is a natural monopoly? It is not so in the United States?

Mr. COLDWELL: It is a natural monopoly in Canada.

Mr. HANSON (York-Sunbury): Your *ipse dixit* does not prove it, you know.

Mr. COLDWELL: If the hon. member for York-Sunbury will just remain silent for a moment—

Mr. HANSON (York-Sunbury): I am asking a civil question. If you do not want to answer it, or cannot answer it, all right.

Mr. COLDWELL: I am answering it. It is a natural monopoly.

Mr. HANSON (York-Sunbury): That is an assertion; that is not an answer.

Mr. COLDWELL: No small concerns can enter it without a franchise. A franchise is required to operate an air line.

Mr. HANSON (York-Sunbury): That is not an answer.

Mr. COLDWELL: Any organization which uses the air for which a government franchise is given is receiving from the people a monopoly to use that particular air route or air line.

Mr. HANSON (York-Sunbury): Not necessarily.

Mr. COLDWELL: In the past this country has given away its resources, has given away the right to operate great lines of transportation. I think this parliament ought to safeguard the Canadian people against the exploitation that may accrue from any monopolistic group in this country. We surely have had enough of the control of vital facilities by a few individuals and by powerful corporations to warn us to safeguard the rights of the people at this time, in regard to both aeroplane services, and if I may interject, the airwaves which comprise the radio and the television services of this country. I wish to support this particular bill very warmly.

Mr. CHURCH: I wish to offer some objections to this particular bill, having been one of those who has been interested in this subject in two wars and during the long depression. Those who are opposing the government on this particular measure serve no big interests. I believe I speak for my colleagues as well as myself in this committee when I say that we serve no big interests. So far as this bill is concerned our minds are free. I have always been a public ownership man. I cannot support the first clause of this bill. My remarks will be brief; I offer my opposition now and I shall not offer any objection to the other clauses.

The time has gone by when anyone can offer any criticism about what the opposition has been doing in connection with civil aviation. We serve no big interests. Some of us have suffered in the battle against big interests, and we are prepared to suffer again. I am not for the kind of public ownership that is envisaged by this particular bill, because I believe it would be a fatal policy for the people of this country at the present time. This bill is drawing a red herring across the trail in the darkest hour of the war, when the invasion has started on the continent and when it is known, as was announced by the great Prime Minister of Great Britain the other day, that they need every plane possible, that they need all the crews and personnel possible for war purposes. How then can the minister give effect to the first clause of the bill at this time? It is beclouding the war issue; it is causing a great deal of dissatisfaction in the country.

This particular industry, if properly applied, would be the greatest source of employment we could have after the war for our young war pilots; but the war is not over yet, far from it. I object to the red herring which has been drawn across the trail to divide our railroads and other forms of transportation, because it is interfering with the war effort. I believe that the policy proposed will be one of sounding the death knell to all progress in civil aviation in Canada.

I have opposed the principle of this particular bill, bill No. 133. I also oppose the allied bill, to amend the Transport Act, because I am opposed to transferring jurisdiction over commercial aviation from the board of transport commissioners to some other unknown body, especially when the war is at its darkest hour. In the second place, under the present statute every order made by the board of transport commissioners, whether with regard to railways, telephones, express companies or any other function, may be appealed to the governor general in council. That right is eliminated in this new proposal. True it is under the new bill an appeal may be made from the new air board to the minister.

Section 1 of this bill provides for the establishment of an air transport board, to do what? To advise the minister. On what? On matters in connection with the development of a system of civil aviation. Then it gives the new board another function, making it a licensing and regulatory body with respect to commercial air service. I do not find any judicial or semi-judicial powers conferred upon this body. It is purely a board of regulation; it will be a board of convenience for and subservient to the minister, and nobody will be able to get a licence under section 12, for the board can grant licences only with the approval of the minister. No matter how well qualified a company may be to obtain a licence, the final determination of its rights will be made, not by the board but by the minister himself. I believe that is a fatal mistake, and simply means that by this bill we are setting up a board for purely air local purposes, all dressed up and no place to go.

A further objection is that the board has no functions to perform. There will be nothing to regulate. We have, during the war and some time after it, no planes, no crews, no personnel. We have been almost begging the United States for planes, and have not received any. They grabbed the Pacific, and if we do not look out they will grab the Atlantic too. In connection with this question of public policy in relation to aviation, the minister forgets all about an empire air scheme. Surely, after spending a billion dollars in this country on the empire air training plan we should be able, after the war by unity in peace in the empire, to get something for the development of civil aviation within the empire, but under the new bill we are not doing anything to set up a commercial commonwealth air board in order to plan empire air routes for the future. Since the visit to England of the Minister of Munitions and Supply the United States under-secretary of state, Doctor Bearle, has also visited that country. He went there simply to discuss aviation matters with the United Kingdom, not with the dominions, but a discussion first between Great Britain and the dominions would have been better. Our young men who are flying all over the world will be very much disappointed with some of these policies. This board will be only clerical and advisory, with nothing to regulate. You cannot regulate a monopoly, and under this measure you are going to set up a monopoly in Canada for all time, at the same time ignoring any empire or international schemes. Of course Russia almost shudders at the mention of the word "international." They have their own plans and policies and, notwithstanding what the minister says, they have made at Moscow a bilateral agreement with Britain for after the war, regarding this very important matter. Britain entered into that agreement because she found us so helpless when it came to making any agreement along the lines suggested by Mr. Curtin and Mr. Fraser, when they threw out the life-line to Canada last January in the shape of an offer to have a concerted empire scheme, which has been long overdue. By means of empire coordination, cooperation and collaboration it was hoped that there might be an empire air policy by means of which these great dominion premiers could get to Canada in a day or so and discuss the problems which will have to be dealt with after the war. Washington almost shudders at the mention of any international policy. My hon. friends to the left, of the Co-operative Commonwealth Federation, all along have been praising an international policy, but our first duty is to those at home, to our own family. Let us map out first a policy that will appeal to the empire and the dominions —an empire air scheme first. Then, when you have an empire policy, you can move into the larger sphere of operations as an empire into the international field.

As it is constituted to-day, I do not believe the T.C.A. is a publicly owned body. I am absolutely opposed to the kind of public ownership we see in connection with that enterprise. It is my opinion that these two bills should be sent to a committee of the house, just as the Railway Act is revised by a committee of the house. That Act, like the Bank Act, until recently was amended every ten years. In 1917 a railway committee sat on it for four months hearing deputations. If it had not been for the war the Railway Act would have been revised in the same way long ago all along the line. The other day the Minister of Finance had important bills, the Bank Act and two other bills, first sent to a committee. After all, what are our committees for? Here we have a minister of the crown going over the heads of the dominions and of the mother country, right at the darkest hour of the war with the invasion in progress. What kind of policy is that? We shall make no progress in civil aviation, one of our greatest problems, in that way. As I said recently, I believe the T.C.A. should be reorganized right from the president down. If we want a national system under public ownership, let us have at the head of that system someone who has been a public ownership man. I have a great deal of respect personally for the president of T.C.A., but he is connected with twelve or fifteen companies which are absolutely opposed to the principle of public ownership.

The other day this matter was discussed at some length in both the British House of Commons and the House of Lords. The defects of our empire air system were pointed out. The announcement of this bill in Britain and the dominions has not only caused an air muddle in the dominion; it has caused an air muddle in the mother country, with the result that the Lord Privy Seal, Lord Beaverbrook, was at a loss to say just what Britain's policy is in regard to this matter. As was pointed out by those who spoke during that debate, at the present time we ought to confine ourselves to our military purposes until we know the decision of the great battles confronting us. Lord Beaverbrook, when asked where the planes, aircrew and personnel for civil aviation were to be obtained, did not know, and the critics in the House of Lords, urging an empire plan, said:

What is the use of all this shadow-boxing? Why don't we come to the real issue, that there

are no aircraft, there is not any personnel, there are not any flying crews, there is no ground staff? . . . Two days this house has been sitting discussing a line to South America when we know that we have not got any available aircraft, that we have not got any crews and that we have not got any personnel.

I believe that in bringing up this question now we are interfering with the war effort, along the lines I have suggested. Commenting on the position the London *Sketch* in May last said:

Two important aspects of the future of civil aviation were raised in the House of Lords yesterday by the Duke of Sutherland: first, the desirability of private initiative and enterprise in the aeronautical field, and, second, the need for the government now to make up its mind to support flying clubs and to reserve a number of war-time aerodromes for private flying.

With the return of peace a new air age will come into being. An air generation, founded by war, already exists, and there are large numbers of potential recruits who will be eager and should be enabled to take to the air. This new age of air-minded Britons will best be fostered by an unfettered development of the aeronautical industry, for there will be a heavy demand for light aircraft suitable for private flying. America still leads the world in private flying, but there is no reason why Britain, too, should not begin to prepare for the expected new phase in aviation. It is by no means too early for the government to indicate to the industry and the public its intentions towards the inevitable post-war demand for popular flying.

Canada is now deciding upon a policy of isolation and a small nation policy of separation. I am sorry I cannot join in the hymn of praise which the minister uttered, and which was echoed by other members in the committee on railways and shipping, for the T.C.A. in the early days of this session. I am sorry I cannot join in that hymn of praise of Trans-Canada Air Lines as at present administered.

Speaking in the House of Lords the Duke of Sutherland, an aviator, said:

An empire policy for post-war private flying is an urgent military, social and commercial necessity.

I believe that what he has said is true. I have referred to this matter many times this session in opposing a monopoly in connection with civil aviation, and contending that the air should be free for all under drastic regulation. My submission is that there should be no more of a monopoly in civil aviation than in connection with design. No doubt, immediately after the war, improved aircraft for the transportation of passengers, emergency foods and many other articles will be absolutely necessary, because, when the war is over, the railways and other forms of transportation will be choked. So that it will be of the utmost importance that there be close cooperation and mutual understanding between Great Britain, the United States and the dominions.

I have opposed the creation of any monopoly in Canada. Canada should try to take the lead in the field of design. We should prepare an air policy for the next twenty-five years—but we shall not do it through this bill. Fundamental changes will occur in the future. Aviation in Canada is yet only in its infancy. Research, design and experimentation will be more important than ever. In Canada and in the empire we are on the threshold of a grand new age which will revolutionize aeroplane construction and the development of aeroplane engines. In this field high speed is essential to supremacy. Problems of all sorts arise; science and research will provide even lighter alloys and new types of wings, engines and parts which will withstand various climatic conditions the world over. I do not at the proper time, after the war, oppose a regulatory body. The time is not now.

This particular bill, as I see it, provides no functions for the said board to transact. There is no appeal to the governor in council as in the Railway Act. In my opinion this measure is too much Washington-minded. In our dealings with aviation we have been surrendering to Washington too much of commercial initiative, political and social security initiative, economic initiative and aviation initiative. That is what we are doing, instead of staying within the British empire, as part of a family, the mother country of which has supported us through thick and thin. For that reason I am opposed to the bill.

In conclusion, I would draw particular attention to section 17, which sets out powers subject to international agreements. There are no international agreements, although the mother country has been seeking to make them. Section 17 states:

The powers conferred by this part on the minister shall be exercised subject to any international agreement or convention relating to civil aviation to which Canada is a party.

What happened in England? Great Britain refused to adopt the proposal of Canada respecting an international body. The result is that there is no international body or association to-day. Both Washington and Moscow shuddered at the thought of it.

If the minister had postponed his decision until after the war the whole matter might have been considered by a select committee. The timing is bad. This is an important matter, and one which should not be considered

until the war is over. No change should be made until that time, for the reasons I have given.

The minister is simply drawing a red herring across the trail. At the present time both railways are choked with traffic; they are doing magnificent work, and at this time should not be interfered with. I admit that Trans-Canada Air Lines has done good work, as have the rival feeder and other companies. These matters should be left alone until the war is over, and the matter can be settled within the empire first. Then we can move into the international field.

Toronto sends its own members to this House of Commons—a fact which is sometimes forgotten. It is the leading public ownership city on the North American continent. That city has invested very large sums of money in its street railways and radial railways and buses, and the city bought out the Niagara power companies with the province for $32,000,000 and got control of the power companies at Niagara falls. The federal government is reaping the benefit of Toronto's cheap power activities, and no department of government reaps a greater benefit from it in the province than does the one headed by the Minister of Munitions and Supply.

Application was made a short time ago by the Toronto transportation commission for a new form of local service, and helicopter services, but it was not considered favourably. Surely something should be free. At present a breath of air is about the only thing left that is free. Evidently we are still permitted to breathe air; there is no law to stop that. And yet, by this measure the government is abolishing all possible chance of freedom in the air for civil aviation and for rail and surface transport or for ocean navigation services to continue civil aviation.

The government is about to set up, under the bill No. 133, a new regulatory body—a board all dressed up, with nothing to regulate. They will have nothing to do except to draw their salaries, and all that kind of thing. This is the wrong time to proceed, and the bill should be withdrawn, or at least postponed for a year. If it and several other bills are not postponed we shall be here until Christmas. This bill ought not to be placed before the House of Commons—some of these new utopia bills in the sky, these new dreams of what is to happen—a new heaven and a new earth here after the war. When we get down out of the clouds with a few of them, probably we shall be able to prorogue in about six weeks, since the state has no money of its own for them except what the taxpayer gives it. If we do what I have suggested, I hope that when this bill reaches another place they will see that it is left over until next year. Let us leave it until the war looks better, and until we have an empire air scheme. Let us not enter into an international busy-body programme, or be Washington-minded when we deal with this measure.

Mr. DIEFENBAKER: Mr. Chairman, I should like to refer to certain statements made by the minister, particularly those dealing with the powers of the air transport board. The minister made the statement that the board provided for in this bill has greater powers than the board set up under the Transport Act. I again refer to the powers held by the board under that act, as they are set out in section 13 (1) to (5). The power of that board was absolute. Within the ambit of the policy in the statute the board was all powerful. The minister has suggested that the air transport board should not have the power to determine policy. No one on this side of the house has ever suggested it. The policy is set out in the statute, and will have to be carried out by the board.

Under section 12 the minister is setting up a board responsible to him and under his direction. If parliament passes this bill it will be harnessing that board with powers which cannot be used because the board will be hobbled by the prejudices of the minister. In other words, a body having all the outward appearances of possessing powers is being set up, but it is able to exercise that power, as was said by the hon. member for Vancouver South, only with the approval of the minister. I entirely disagree with that principle.

It is my intention to move an amendment to section 12, when the opportunity arises, to delete the words "subject to the approval of the minister". The minister stated that this board has the power of the aeronautics board in the United States. Apparently a reading of that act was not a prerequisite to the drafting of the present bill. The aeronautics act of the United States gives power to the board it sets up to licence and control. It provides for the setting up of an air safety board to bring in the necessary regulations touching on safety, etcetera. It declares for a principle which we on this side of the chamber are not ashamed to declare for, that in the operation of the airways there should be an encouragement of competition to the extent necessary to ensure sound development of an air transportation system properly adapted to the needs of foreign and domestic commerce. That is the basis upon which the aeronautics act of the United States is premised.

I believe that the air transport board should have the power to regulate and control the

airways to assure that competition will be maintained. Its purpose should be to control and protect the Canadian people against monopoly privilege, while at the same time promoting expansion or development, either by public or by private ownership, so far as feeder lines are concerned. When I look over this bill all I can conclude is that the Minister of Munitions and Supply wishes to place himself in such a position that, while pretending to be a servant of parliament, he will in fact under this legislation be master of the air development of this country. I have seen too much evidence of a cavalier disregard of the rights of parliament on the part of the minister to be willing to allow him to have the power which he asks for under this bill.

Gradually year by year we are permitting encroachments to take place on parliamentary procedure. We are losing our rights. Under the War Measures Act everybody legislates but parliament. Carry this bill into effect and you will carry into the days of peace the power now conferred on the executive under the War Measures Act. I cannot understand how there could be a better set-up for those who would centralize government than legislation such as this. The minister asks for almost unlimited powers under the war assets corporation bill. He will ask for like powers under the transport bill, and he asks for the extraordinary powers of this bill. I for one will not vote for the principle of a bill which will allow a minister of the crown, uncontrolled, to determine who shall have the right in this country to develop aviation.

It has been suggested that transportation companies are to be refused the right to operate air lines in this dominion because experience in other countries has shown that they are unable to do so satisfactorily. Under the United States act that right is granted with the consent of the board. Within recent months the entire trend in Great Britain has been to permit the interurban airways to develop in conjunction with the railway and transportation companies. Only recently a discussion took place in the House of Lords with regard to the international situation, and there was strong support for the view that steamship companies, having international relationships, should receive consideration in this development.

The reason given for all this is that the men coming back from the war should have an opportunity to bid in on these various air routes. There is no one who has better knowledge of the profits made by companies operating feeder or independent routes than the minister. He is reported as follows on page 1572 of *Hansard* of March 17:

[Mr. Diefenbaker.]

The first year of the war saw a sharp curtailment in gold mining operations, particularly those in remote areas, with the result that traffic for these independent air lines was sharply curtailed. I think I can say that the operation of these air lines, many of which were financed by public subscription, had never been profitable.

If they have never been profitable, what about the possibility or the probability of the men returning from overseas being able to enter the business, particularly when the establishment of an air line with only one aeroplane of the dimensions required means an outlay of from $200,000 to $250,000? We must make provision for our men when they come back from overseas. It is estimated that there are 225,000 men in the air force of this country, and the highest estimate, made by Doctor Weir, of the number of those men who can be employed in civil air services is 25,000. It has been estimated in the United States that in order to retain one-fifth of the men in their ground and aircrew it will be necessary that at least fifteen per cent of the ton miles now hauled on the railroads be hauled by the airways.

What we need is jobs for these men. Are they going to get jobs when they come back from overseas and apply for an air route which will require a quarter of a million dollars to set up? Are they going to enter into a business which according to the minister was never profitable before the war? I am one of those, who after the last war had an interest in a small air company. Year after year we put money into it but we never got any dividends. Finally there was an accident or two and that was the end of the company.

I submit that the men coming back from overseas will have a greater prospect of securing a degree of employment in aviation if we permit the development in this country of private air routes while preventing mergers and monopoly. The minister has never given any explanation for his change of viewpoint since 1938 when he believed that it was necessary for the railway corporations to operate the airways. After five or six years he has changed his mind. What has been the reason for that change? No one has ever been able to get an answer from the minister. Has it been antagonism against any one railway company?

Mr. HOWE: Mr. Chairman, I ask the hon. member to withdraw that insinuation, which has been made several times. Why insinuate that there is any antagonism?

Mr. DIEFENBAKER: I do not insinuate. I ask whether there has been.

Mr. HOWE: A neat way of insinuating.

Mr. DIEFENBAKER: And the answer is still not a negative from the minister. He does not deny it. He said that I should withdraw something that I asked a question about, but he does not deny antagonism.

Mr. HOWE: I deny it now. Is my hon. friend satisfied?

Mr. DIEFENBAKER: The minister has now denied it, but I had to ask the question several times to get that denial. I am glad to have it now.

Mr. HOWE: Your insinuation is still on the record.

Mr. DIEFENBAKER: Mr. Chairman, we must develop the airways of the north. Can we develop them unless they are going to be profitable? The minister said that these were never profitable.

Mr. HOWE: I made no such statement.

Mr. DIEFENBAKER: The minister says that he made no such statement. I quoted from *Hansard* a moment ago his exact words.

Mr. HOWE: Where is the word "never" in there?

Mr. DIEFENBAKER: The minister sometimes forgets, just as last evening he forgot that a couple of months ago he stated in this house that he had told the board of transport commissioners not to issue a licence to a company between Saint John and Halifax. When faced with his own statement last night he used words to the effect that if he had been so reported in *Hansard,* that was his answer. I referred a moment ago to his use of the word "never." At page 1572 of *Hansard* the minister said:

> I think I can say that the operation of these air lines, many of which were financed by public subscription, had never been profitable.

There are his exact words—they had never been profitable. Now if in the conditions before the war, when there was a tremendous mineral development in the north, these air lines had never been profitable, is there any reason to believe that they will be any more profitable now than they were then?

The minister added that the reason for the emergency action of the Canadian Pacific Air Lines in taking over certain smaller companies was that:

> With the curtailment of traffic before mentioned, these small operators were faced with the necessity of either finding a buyer or closing down.

If these air lines could not be operated profitably by private industry which found it necessary to get out of the field or close down, can the government be expected after the war to continue to operate these lines in outlying portions of the country?

Another criticism of the essence of this bill is that it will deny to bus line companies and the like the right to operate helicopter services between neighbouring towns and points which are too close together to permit of the ordinary airways service. It will deny it because the government in the interests of its own political survival cannot enter into transactions or propositions such as this unless assured that there will be a reasonable return from them. The minister in reply to the hon. member for Peterborough West said that helicopters could not be utilized to-day, that they were still in the experimental stage. I have before me an authoritative work entitled "The Air Future," by Burnet Hershey, which sets out the position of helicopters and envisages the day not very far distant when the United States of America alone within ten years after the war will have a million helicopters in use. I quote:

> Helicopters able to travel between 120 and 140 miles an hour and carry from twelve to twenty passengers are not beyond reasonable expectations.

Then later on:

> Even before the end of the African campaign, American and Northeast Airlines had filed applications with the civil aeronautics board for authorization to operate helicopter air mail services from the rooftops of more than 400 post offices and railroad stations in the eastern states.

I submit that if we adopt the plan of the minister in this legislation, denying to transport companies and the like the right to operate air lines, we shall in fact retard the development of air traffic in this country, and at the same time we shall not be assuring employment to a large number of the men returning from overseas.

Again I refer to the terms of the bill itself. I ask the membership of this house this question. Do we realize what the implications of this proposed legislation are? It places the minister in the position of being the boss of aviation, where every individual and every returned soldier, everybody in this dominion, must comply with his wishes, and be subject to his whims and prejudices. Otherwise they will not receive a licence.

So far as government policy is concerned, it must be directed by the minister and the policy has been set forth in the bill, that no licence, if this is accepted by parliament, shall be issued for a commercial air service that is owned, leased, controlled or operated by any

person engaged in the transport of goods, and secondly, that no person shall have an air franchise unless he is adequately equipped and able to conduct a safe operation. These are matters of policy. They rest with the government, but in my opinion, within the ambit of government policy, the granting of licences should rest with a body uncontrolled by the minister; or why set up a body? Is it simply to go through the motions, to take the responsibility and have no power to act as it will?

Now as to the subsections which provide for an appeal, subsections 8 to 10 of section 12. If the minister says that a certain individual or a certain corporation shall not receive a licence, then, regardless of his reasons, that person or corporation is denied the opportunity to have a licence. The minister has said in effect that a person whose rights to licence are denied can appeal to the minister, and under the bill, provision is made for an appeal from the hired man to the hired man's boss, after the hired man has refused a licence, having acted under the direction of the boss. I submit that the principle embodied in section 12 will curtail the development of airways in this country. It will mean that the development of our airways will not rest on the needs of aviation facilities, but will be strictly under the control of the minister.

The passing of this bill in its present form will be an abdication by parliament of its powers in that absolute power will be given to a minister, uncontrolled in any way, to dictate who shall be the recipients of the right to operate an airway licence in this country.

Let me place this viewpoint before you, Mr. Chairman. Suppose a person well qualified to operate an air route, the person best qualified to operate it, a person unconnected with a corporation, should apply for a licence, and there were other applicants less qualified. The minister will have the right to say to the board, "You will give that licence to the least qualified of these three." I submit that to allow a minister that power is to emasculate the board that is set up. In effect the bill confers powers on the board and then hobbles it by placing the minister in control of its actions. Never has there been any legislation in this parliament that would set up such a board and at the same time make the minister the absolute boss of it. As far as the minister is concerned, he intends to administer the power conferred on him fairly and squarely, without prejudice in any way, but it is not the individual that is in issue; it is the principle. Give that power that the minister has under this bill to a minister in another government in the future and that minister can throttle the right to develop aviation in this country. I ask the minister to reconsider section 12, subsection 1, by deletion of the words "subject to the approval of the minister," which occur in the paragraph that will enact that the board may issue to any person applying therefor a licence to operate a commercial air service, and second, by deletion of subsection 2 thereof, so that the matter will rest with the board to determine who shall have licences.

Too often the minister feels that when we analyse legislation such as this there is some personal feeling. Far from it. There is a principle at stake. Parliament is asked for the abdication of its power; it is asked to confer on an individual powerful rights, without any control of the fair and just carrying out of those rights. As the hon. member for Vancouver South so well pointed out, under the old act there was an appeal from the transport board, so far as rail transportation was concerned, to the courts of the country. There the aggrieved could secure a measure of justice.

Mr. HOWE: An appeal to the courts on points of law, and an appeal to the governor in council on points of policy.

Mr. DIEFENBAKER: That is perfectly true, an appeal on points of law, but still an appeal. Under this bill there is no right of appeal to the courts. There is no right on the part of the individual aggrieved to have his rights determined without favour. Anarchy begins when there is denial of recourse to the courts. Injustice has its inception when any individual is endowed with absolute power without control and without regard to the rights of the individual. I appeal to the minister to reconsider this matter. These powers are too great to confer on an individual. We allow individuals the exercise of great powers in time of war. We accept centralization of authority in the executive. But with all the force at my command I intend to resist the extension of the centralization of authority in an individual or an executive. Where the individual is denied an appeal to the courts if aggrieved, I intend to insist, as far as I am concerned—even if I am the only member to do so—that democratic rights shall be upheld and that we remove the cloak of obscurity that hangs about these measures in order that the people may know, at all events, that there is a definite trend in the direction of and in extension of executive power in respect of which the individual is denied the right of appeal to the courts.

Mr. HANSON (York-Sunbury): The minister must not think for a moment that because we use strong language in denouncing the underlying principles of the bill there is

anything personal in respect of himself. Let that be made clear at the very beginning. I would make this preliminary observation to the minister, having regard to the political situation in this country at the present time. This legislation is socialistic. I ask this question: Is this an attempt to outbid the rising power of socialism in Canada? Is this bill not the negation of everything that a Liberal party ought to stand for?

Mr. MACKENZIE (Vancouver Centre): By no means.

Mr. HANSON (York-Sunbury): All right. I think if I took the time I could demonstrate that.

Mr. MACKENZIE (Vancouver Centre): Define your own objectives.

Mr. HANSON (York-Sunbury): Well, I will refer back to 1919 when the Canadian National Railway Act was set up, before I was here and before the hon. member for Vancouver Centre (Mr. Mackenzie) was here. I would ask the hon. gentleman to read the speeches of D. D. McKenzie and other leading Liberals, speaking on this side at that time, in relation to the setting up of the Canadian National Railways. I would ask him to read the speeches of Roch Lanctot of Laprairie and Napierville, who offered to give away the Canadian National Railways for a dollar. Let him read those speeches and see what the attitude of the Liberal party was at that time toward the amalgamation of the roads being taken over.

Liberalism, if I understand the subject matter correctly, means the liberty of the subject, the liberty of the citizen to engage in private enterprise; and some Liberals have belonged to the school of laissez-faire—at least Liberals in the old country have belonged to the school of laissez-faire, and we all know what that means. I admit that Liberalism in this country has often taken strange by-paths, but that is merely in passing. This bill is socialistic in its tendencies, and has regard to the political trend of the time. If you do not believe me, page the Minister of Agriculture.

Mr. GIBSON: Or Mr. Bracken.

Mr. HANSON (York-Sunbury): It is playing exactly into the hands of those who would nationalize in Canada all great major undertakings. I do not believe the people of Canada desire that.

Mr. HOWE: This bill nationalizes nothing.

Mr. HANSON (York-Sunbury): The tendency of this bill is toward nationalization and socialism. The minister's denial does not make it otherwise. The mere assertion of a negative does not prove anything. I would ask the minister to let me proceed with the thesis I am trying to develop. I warn the minister against legislative trends of this sort. We heard the hon. member for Broadview (Mr. Church) boasting a few moments ago that he was all for public ownership within certain ambits, and I am reminded that all the public ownership corporations that are set up in this country by the provinces, under the guise of commissions, escape the obligations that are imposed upon me as an individual taxpayer; and the trend is extending into the old Conservative province of Quebec. I ask myself the question: Who is to make up the nine or ten millions of income tax that will now be lost to the public treasury of the country by reason of the recent conversion in the province of Quebec of the Montreal Light, Heat and Power company? You and I.

Mr. MARTIN: There is a cut in consumer rates.

Mr. HANSON (York-Sunbury): They cut consumer rates by the amount of relief from taxation. Of course, they could cut consumer rates, and the corporation would long ago have cut consumer rates if it had been relieved of onerous taxation, which very properly it was not relieved of. But what happens? It is merely passed on to the general body of taxpayers in this country, and you and I who do not live in those communities have to pay an increased proportion. That is merely by way of passing.

I think the minister ought to be given perhaps a cursory sketch of the history of the control of transportation in Canada. He has not lived in Canada as long as some of us have, and he may not know that down to 1904 there was no public body in Canada charged with the control of transportation rates and conditions in this dominion. In the year 1904 this parliament, as a matter of government policy under the direction of the late Hon. Andrew G. Blair, set up a board of railway commissioners; and I believe it is the chief claim to fame of Mr. Blair that he fathered the idea of a government appointed judicial body having jurisdiction delegated to it by parliament—not as a bureaucracy, as the minister would suggest, by inference at all events, but as a body removed and free from political considerations, to look after the control of the railways in the interests of the state. Mr. Blair became the first chairman. What was the position previously? The rail-

way companies were chartered, and may still be chartered, if they are intra-provincial, by the provinces as well as by the dominion; but if they are interprovincial they can be chartered only by this parliament. So far as the provincial railways are concerned the control of their rates has always been vested in the executive council of the different provinces—at least that is the position in my province, and I assume it is so in other provinces, although as a matter of fact it is merely an academic question and has no practical application at the moment because nearly all the railways of this country are now within the jurisdiction of the federal authority.

Previously to 1904 the control of rates with respect to railways under the jurisdiction of the federal authority was in the hands of the governor in council. I recall that one of the first subject matters I had to study when I came to parliament after the election of 1921 was the question of the suspension of a special statutory rates set up by the minister of railways in the year 1897 in consideration of certain concessions given by the government of the day to the Canadian Pacific Railway for the building of the Crowsnest Pass branch. At that time we had the spectacle of statutory rates being embalmed in the rate structure of the Canadian railways. Could anything be more injudicious than embalming static statutory rates in a freight rate structure? That was the position in 1904, and ever since that time this question of rates, except in so far as circumstances have had to be applied to alter certain conditions that arose during the war, the control of operations and other jurisdiction so far as railways are concerned was in a judicial body which had wide powers, and which I venture to suggest over forty years of experience has shown was never abused but on the contrary enured to the benefit of the body politic. My recollection is that from 1904 to 1917 the functions of the board of railway commissioners were employed more particularly in protecting the people of Canada against the railways, and from 1917, because of war-time conditions and the greatly increased cost of operating, wages and otherwise, the board was protecting the railways against the aggression of the electors. At least that was so, and that was the situation in 1921; but speaking generally the system functioned admirably. On questions of law there was an appeal to the Supreme Court of Canada, as the minister has correctly stated, and on questions of fact to the governor in council of Canada. I have not delved into the records at all but I think they will show that that appeal was not often taken. It was exercised sparingly, and most frequently on questions of fact the decision of the board of railway commissioners was affirmed by the governor in council.

So much for the setting up of the board of railway commissioners, which I deny was a bureaucracy in any sense of the word. It was a judicial body, and the public and the governments of the day had a good deal of satisfaction in watching their operations and decisions. So far as I recall those boards were headed by chairmen of the highest character, men of judicial ability who took a great pride in doing the work that they were called upon to do, and who built up a system of jurisprudence which I think has been a pattern for similar bodies in this country. We adopted that system because there had been established in the United States the interstate commerce commission, a more or less similar body which I believe has functioned to the complete satisfaction of the people of the neighbouring republic.

I now come to the question of domestic civil aviation. I desire to apply, if I may, some of the principles that have been established by forty years of use of the judicial policy incorporated in the act relating to the board of railway commissioners. Civil aviation is of comparatively recent origin. I recall that the late James A. Richardson and his associates established, if I remember correctly, the Canadian Airways. That was a body that had the blessing of the governments of this country. It was a private enterprise. A substantial amount of private capital was invested in it, and lost, chiefly, I think, because of the fact that the Canadian people were not then air-minded.

Mr. HOWE: Because your government closed it down in 1930.

Mr. HANSON (York-Sunbury): The minister can make a cheap gibe at me, but I am not going to reply in kind. Our government had to meet circumstances as they arose in a very trying time, and times that were not of our making. Whether we were right or wrong does not alter the situation. The fact of the matter is that Canadian Airways was an attempt on the part of private enterprise to enter a new field of transportation in this country, and it did not survive. I do not suggest for a moment that the minister believes that governmental action was the cause of its death. At all events when the minister entered this federal area in 1938 he himself encouraged the policy of private enterprise, but because of the amount of the capital required, because of the size of the country, because of the magnitude of the undertaking then under review, it was felt

that only strong and important bodies could go into this business of transcontinental airways.

But private enterprise was encouraged; that was the policy of the government, and I think I can say without fear of successful contradiction that from that day down to a comparatively recent time the administration opposite encouraged private enterprise to go into the field of aviation. Had it not been for the nature of the huge undertaking, much more would have been done than was done by private enterprise. In any event I think it is incontrovertible that when the small lines reached the end of their tether because they could not make any money and could not pay their way, the government of the day, which was the present government, unquestionably encouraged the taking over of those lines by Canadian Pacific Air Lines. I do not think there is any doubt about that. They invested a large sum of money in those lines, which I believe is now in danger. However, I have had no communication with Canadian Pacific Air Lines, and I am not dealing with that aspect at all to-day.

In 1938, then, we had a policy set up of quasi-private enterprise, shall I say, of course aided by governmental subventions without which it never could have been started. There were substantial and generous subventions from the Post Office Department, and I am not sure that the minister is wrong when he suggests that in a given case these subventions should take another form. I am inclined to agree with that part of the bill which suggests that if public aid is required it should not be in the form of swollen post office subventions, because I believe the revenues of the Post Office Department are being unduly loaded with expenditures that are not justified from an operating, departmental view. However, I have no doubt there are two schools of thought in that regard. I have not investigated the matter mathematically, and I am not sure which school is right, but I am not condemning the minister's point of view in that regard.

Then suddenly, after the Canadian people and particularly the youth of Canada had become air-minded, we had a right-about-face on the part of the administration, and this bill is the result. I venture to say to this committee and to the country that we have never been given, at any time or at any place, a satisfactory reason for the change in policy. The government sold its policy on this matter to the house and the country in 1938; now it has changed its policy, and it must justify that change in policy at the bar of public opinion. If it was right then it is wrong now; if it is right now it was wrong six years ago. Not once, as far as I can recall, has the minister justified his right-about-face in regard to this question of public policy.

On the question of public policy I assert, as was asserted by my colleague a few minutes ago, that on questions of policy the government of the day must, of course, have the last word; but because the government asserts a policy does not by any means carry with it the conviction that such policy is right. No board of aeronautics; no governmental judicial body such as has been set up in relation to railways, has the right to determine public policy. That is the function of the executive, supported by parliament; but once that function has been discharged the duty of the executive should cease, and the operation of carrying out the policy should be vested in a judicial body which would be free from political control. That, I believe, has been the history of the railway commission and should be the pattern for dealing with aeronautics in this country. What have we here? We have an emasculated board of aeronautics which is to be set up under this bill, which has nothing whatever to do with policy but which is purely advisory, and that is the most you can say for it. It is true that in the bill the minister has gone through the form of giving this body certain authority. Section 8 provides that it may make rules for the regulation of its proceedings and the performance of its functions and duties under this measure. That means it can draw up a set of by-laws, and that is all it means; it may make rules for the orderly carrying out of the business within its jurisdiction. Then section 9 provides:

> Subject to the directions of the minister, the board shall from time to time make investigations and surveys relating to the operation and development of commercial air services in Canada. . . .

This board has no independent function delegated to it by parliament. It is a puppet of the minister, and I use that word in no derogatory sense; it is a term very commonly used to designate people in the category in which the membership of this board will find themselves, in that they cannot move without the nod and the authority, express or implied, of the minister. It does not take a board to make explorations, investigations and surveys. Competent departmental officials can perform these functions. The minister might as well have gone the whole way and reserved the whole power to the department in question. The board is given a power not with respect to policy but with respect to making recommendations in reference to any investigation or sur-

vey it may make, and to advise the minister in the exercise of his duties and powers under this measure in all matters relating to civil aviation. Under that provision I suppose they are to be, in a sense, a board of experts who tender their advice, which may or may not be accepted. Nothing could be much more innocuous than a board of this nature, set up to do the bidding and will of the minister if they will, but if they do not conform to his desires then their reports go into the waste-paper basket unless he chooses to adopt them. Of course that is no kind of judicial board at all. It is not an administrative board. That is merely an advisory committee that could be set up without any legislation. As far as sections 8 and 9 of the bill are concerned, I believe "innocuous" is the right term for them. There is a further question in section 10:

> The board shall from time to time make recommendations to the minister with reference to any investigation or survey made by it. . . .

And so on. That is in the same category as section 9. Then section 11 empowers the board, subject to the approval of the governor in council, to make certain regulations. In this case the governor in council is the minister, because this board will report to the minister, and if he does not see fit to recommend these regulations to the governor in council for enactment they die then and there. Any report the minister may make to the governor in council either pro or con, favourable or unfavourable, will, of course, be given either the approval or the disapproval of the governor in council. The minister still remains the head, the neck, the shoulders and everything else, so far as the board is concerned.

Someone has said that he will be a dictator. The minister's reply to that is that somebody has to be a dictator. I do not think anyone has to be a dictator in respect of a great utility, such as aviation in this country. Let us put it on a plane analogous to the manner in which our railways are controlled in Canada, and that will be suitable to the people. The people of Canada will never again allow the control and operation of ralways in their country to fall back into the hands of a minister of railways, or a minister of transport, whatever you wish to call him, as existed prior to 1904.

Here is a government inviting parliament, commanding its followers, to put aviation in exactly the position the people of Canada would reject in connection with railway transportation. I submit that in respect of the principle involved the two cases are analogous. If it is a proper principle that the railways shall be controlled in the manner I have indicated—perhaps inadequately—then it is just as true that the control of aeronautics and the operation of companies, or whoever may be fortunate enough to get licences, should be carried on in the same way as is done by the board of transport commissioners. I believe that when the people of Canada come to understand the tremendous powers vested in the minister designated—the Minister of Munitions and Supply—they will reject this bill, because they will know that it is capable of the greatest possible abuse.

The minister says that he will operate fairly, and I have no doubt that is his present intention. But let me put this case to him: In the face of an election one group of citizens comes to him with a proposal, and another group approaches him with another proposal in respect of the same subject matter. He must make the decision. What minister ought to allow himself to be placed in that position? I say that no minister ought to permit himself to be so placed.

Let me illustrate by referring to the granting of pensions by the Minister of Pensions and National Health. It is unthinkable that the Minister of Pensions and National Health should be authorized by parliament to grant pensions in individual cases. It is equally unthinkable that the Minister of Munitions and Supply, the minister designated by this bill, should be allowed to choose as between groups A, B, C and D as to which shall have a licence to operate an air route.

The Canadian people do not like this power of picking and choosing at the whim or, if you like, the prejudice of a minister. Or, yes, it may be the caprice of a minister. I point this out as a principle which ought to guide parliament in dealing with this matter. A minister ought not to allow himself to be put in a position where he will have to decide as between different applicants for licences. It is not fair to the minister, and by every test it is not fair to the people that the minister should have this power.

One board has issued licences to aviation corporations in this country. This new board is to have the power to override the decision of the present board, which is a branch of the board of transport commissioners. It can override a licence already given. The new board will have power to review all licences with respect to commercial air services issued under part III of the Transport Act, 1938, or under part VII of the air regulations of the same year, legislation set up under this very minister. What an incongruous position! Is parliament going to set up a new board to review the actions of a board which previously, by the will of parliament, was granted control over the issuing of certain licences? I think

that is a terrible position. Here we have a right of appeal, an overriding veto on a creature of a judicial or corporate nature the minister has already set up. Or, to be more exact, there is to be an overriding veto in a given case, if it is so issued, from the decision of a judicial board in which the minister himself, through parliament, vested full authority in connection with these licences.

I would ask the minister, when he replies, to give me an answer to that. Why is there a violation of a principle whereby one board of equal standing is to have power to review the activities of another board of similar standing, and probably without the hearing of any evidence at all? If there were a higher judicial authority, my argument would not prevail. But I have only to mention the lack of principle underlying the power given to this new board, without any reason, to review licences which have been issued.

Then, of course, there is the question of the licences themselves, a subject which has been debated to some extent. The board is not to issue licences. I know the bill says that the board may issue to any person a licence, but that provision is subject to an overriding stipulation that the minister must give his approval first. That does not leave the board to act as a free agent. Every consideration of public policy, public convenience and public demand, in the interests of right, justice and equity, might prompt a board to come to the conclusion that a licence should be issued. Yet that licence would be refused if the minister said "No", and there is no appeal from his decision.

There is a form of appeal—I venture to say it is just a hollow mockery—from the decision of the board. The only other mockery in government legislation which would be comparable is found in the taxation laws of the dominion. I have run up against them lately—not on my own behalf, but for somebody else. I find that if a taxpayer in this country is dissatisfied with his assessment under the income tax or excess profits tax laws, he may file a notice of appeal. To whom does he appeal? He appeals to the very authority which imposed the tax in the first instance, namely the Minister of National Revenue. It is a travesty in the administration of justice that such should be the case, and I have urged upon certain persons in governmental authority that an amendment should be made at this parliament. Appeals from assessments under the income tax and excess profits tax laws should not be from Caesar to Caesar, from minister to minister, or from the minister who made the decision and the assessment to the minister who is acting in the capacity of an appellate court.

I am satisfied that the conviction will be brought into the mind of every one who is listening that the system is all wrong. There should be an appeal to a judicial body and it should be an appeal on the question both of law and of fact. In principle it will be an appeal on the question of the interpretation of the statute. I suppose that here again the bureaucratic mind which is so much in evidence today is again prevailing. There is to be an appeal from a body dominated by the minister to the minister who dominated the body in the first instance. I do not think I could use more cogent language to condemn that provision of the statute if I were to stand here all night. I condemn the underlying principle of this bill. If hon. members will do themselves, not me, and the country the justice that they ought to do by reading and studying these provisions, I do not think one of them will vote for this section. I condemn the provisions that maintain the incongruity of keeping in the hands of the minister absolute, unthrottled, uncontrolled control of the operations of this board.

It is a farce to set up a board of this nature. A board of aeronautic engineers, under salary, under the minister's direction, could do all the work that this board is intended to do. I suppose it is being set up under the guise that it is an independent board, but it is nothing of the sort. From A to Z this will be a creature of the minister and nothing else. I had not intended to speak so long, but if an amendment is moved to subsection 1 of section 12 to strike out the words "subject to the approval of the minister," I intend to vote in favour of it and endeavour to give this board some independence. Subsection 2 of that section provides:

> No such licence shall be issued in respect of a commercial air service, owned, leased, controlled or operated by any person who is engaged in the transport of goods—

I am not just sure of the implication of that, but I desire to call the attention of the committee to the overriding provision which follows:

> —unless the governor in council is of opinion that it is in the public interest that such licence be issued.

Let us consider the implication of that.

The CHAIRMAN: I desire to inform the hon. member that he has spoken for forty minutes.

Mr. HANSON (York-Sunbury): I did not think I had, but if you say so I will sit down.

The CHAIRMAN: I kept the time and so did the assistant clerk.

Mr. HANSON (York-Sunbury): I kept the time also and I do not think you are right.

The CHAIRMAN: I kept the time, and I always have it checked by the assistant clerk.

Mr. HANSON (York-Sunbury) : I kept the time.

The CHAIRMAN: Surely the Chair has the right to say when a member has spoken for forty minutes. It is not a duty that I exactly relish, but I am expected to perform it.

Mr. HANSON (York-Sunbury): I think a member has some rights.

Mr. MACKENZIE (Vancouver Centre): I want to protest most strongly and emphatically against the reflection made by the hon. member for York-Sunbury against the Chair.

Mr. HANSON (York-Sunbury): I do not intend to take a lecture from you or anybody else.

Mr. MACKENZIE (Vancouver Centre): I am rising to a point of order.

Mr. HANSON (York-Sunbury): I thought the chairman was wrong, but if he says I am wrong, I am going to sit down.

Mr. MACKENZIE (Vancouver Centre): I am rising to a point of order.

Mr. GRAYDON: I think it is better forgotten.

Mr. MACKENZIE (Vancouver Centre): Better not uttered.

Mr. HANSON (York-Sunbury): There was no reason for you to intervene.

Mr. MACKENZIE (Vancouver Centre): I am just as responsible as my hon. friend for the proper conduct of this debate.

Mr. GRAYDON: You take a pretty heavy responsibility at times.

The CHAIRMAN: I will ask hon. members to address the Chair; not for my sake, but a certain decorum must exist at all times in carrying on the debates of the committees of the house.

Mr. ROEBUCK: Before this bill is passed, I should like to say a word about it, largely because of the most eloquent remarks we have heard from the other side. Very strong objection was taken by some hon. members to the suggestion of the hon. member for Rosetown-Biggar (Mr. Coldwell) that the question before this committee is whether the parliament of Canada shall control aviation or whether it shall become a monopoly of the Canadian Pacific Railway Company. It does seem to me that taking the attitude expressed by hon. members opposite by and large that is the issue before the committee.

Some years ago the parliament of Canada determined on the setting up of a publicly-owned air lines system in Canada, and that work has since been carried on and with no small success. I take it that the members of that house looked forward to the time when Trans-Canada Air Lines should be a great system of inter-provincial, inter-town and inter-county lines interlacing the various communities and provinces of the dominion with a most important public service. Not only is it great to-day; it is potentially greater still. One of the outstanding duties of this house, of the Department of Transport, of the executive and of the ministers is to protect the future of Trans-Canada Air Lines.

My hon. friends opposite have been talking about bureaucracy; yet they complain that the present bill, which is intended to protect this service, does not hand over the right to grant a franchise to lines competing with the government lines. They complain that that right is not left in the hands of some controllers. It is suggested that some board of appointees, of civil servants, shall have the right to grant franchises, uncontrolled and unsupervised by either the executive or the parliament of Canada, so that, as a result of the action of this board, there may be set up a system of air lines competing with the system owned by the people of Canada.

In his long and eloquent argument the hon. member for York-Sunbury (Mr. Hanson) dealt with the powers and splendid record of the board of transport commissioners. He endeavoured to draw a parallel between this suggested board and the board of transport commissioners, but he seemed to have forgotten the difference between the functions of the two boards. The function of this board will be to grant franchises or charters, grant the right to operate lines over certain territories and under certain conditions. No such power has ever been given to the board of transport commissioners.

The board of transport commissioners cannot grant a franchise to a railroad company to build even a branch line, much less to establish a railway system. When private capital desires to establish a railroad, it comes to the parliament of Canada. The matter is referred to the railway committee where it is studied. A report is made to the house, and it is passed on by the house, not by some appointed board which is not responsible to anybody and which, if my hon. friends had their way, would not be responsible either to the executive or to parliament.

Objection is taken that the franchise granted by the board must be subject to the approval of the minister. If I were to change that provision, Mr. Chairman, it would be to require approval by the parliament of Canada —not to abolish the approval of the minister. The granting of a franchise for operating a line of aeroplanes is a matter of public policy, and no matter of public policy should be put into the hands of civil servants. It should be reserved to the parliament of Canada, or at least—I say at least—to the responsible ministers of the crown, who are answerable to this house and to the electors of the dominion.

The hon. member for York-Sunbury has stated that no board should have the right to determine public policy, and with that statement I thoroughly agree. It should not have that right; the granting of a franchise to run an air line is a matter of public policy, and in the future, if not now, it may be a matter of most important public policy.

The hon. member also made some remarks about the minister picking and choosing, leaving one out and taking another in. Of course it would be nice if you could formulate rules so that everybody could have the right of operation on complying with the rules. But such is not possible in a monopoly. The hon. member for Rosetown-Biggar has described the operation of air lines as a natural monopoly. I do not think it is a natural monopoly, not as much as the ownership of land, the operation of a railway or something of that kind. It is not a natural monopoly, but with things geared up as they are now, it is a monopoly. It is a monopoly because we have decreed that no one can operate an air line without a licence. Having done that, we have made it a monopoly. I have not heard anybody suggest that we make it anything but a monopoly. I suppose we could allow anybody to operate an aeroplane; let him start from his own backyard and land in somebody else's backyard if he did not crash in between. You could do that, and then you would have the ideal which the hon. member for Lake Centre proposes—the greatest possible freedom in the operation of air lines. That would be the greatest possible freedom, and it is not impossible, but I fancy that no one here would advocate such a policy.

If we are to make it a monopoly by requiring that licences be granted, the question arises as to who shall grant the licences. Will you establish a board of civil servants and grant them an unrevised power to give away public property of great value and of great public importance? Surely, when that problem is faced squarely, no one in this house would agree that we give to civil servants the right to give away franchises, which are matters of great public concern, unrevised by this parliament or any of its representatives. The thing would be preposterous. We should take measures now before a railroad monopoly of the air has been created in this country.

My hon. friends opposite have criticized the minister for changing his mind. Well, somebody has said that consistency is the bane of small minds. The man who has not the power to change his mind is unable to learn by either reading or experience. If the minister has changed his mind in the course of the last five years—and I am not in a position to pass upon that; he may have—I give him credit for it. The last five years have given us some experience in the matter of air lines. It has been only within the last few years that the Canadian Pacific Railway Company has made an attempt to capture the air lanes of Canada and to compete with our own publicly owned air lines. So, that if the minister has changed his mind it is not too soon. It is time he changed his mind if there was in his mind in the past an intention of giving to the Canadian Pacific Railway Company a right to grab the air franchises of the Dominion of Canada.

The hon. member for York-Sunbury criticized very strongly the fact that the minister under this bill would have the power to review the proceedings of the board. Why should he not? Is there anyone in this chamber who would like to make appointees superior to parliament in matters of public concern? Why should he not have the right to revise the proceedings of the board? Then my hon. friend complains that this board shall have the right to revise the proceedings of the preceding board. Again, why not? Are the laws of the previous boards to become like those of the Medes and Persians which altereth not? When authority and responsibility are transferred to the new board, why should it be bound by the decisions of the old board, made static and permanent by act of parliament? Of course the new board have power to revise. When you realize that these licences are granted from year to year, certainly for short terms, why should not the new board have power equal to that of the old board in the granting and regranting of licences?

They talk about the bureaucratic provisions of this bill. It is true that we are drifting more and more into business management by the executive, but perhaps we are driven to it by the changing and developing order of our times. I have not liked the controllers. I hope that the time will come when arbitrary decisions by appointees may at least be lessened if not largely abolished and that we

may get back to a parliament of the old days when the members of this deliberative assembly controlled more of the public business of the country. But were my friends opposite to have their way, they would establish in aviation a permanent board of appointed controllers who would determine the future of the air in Canada.

Mr. HAZEN: I do not like to see this bill pass without voicing my objections to some of its provisions. The hon. member for Trinity (Mr. Roebuck) referred to the fact that before a railway could be established the promoters had to come to this parliament to obtain an act. Under the present Transport Act, part III, I believe it is provided that before the existing transport board can grant licences to companies or persons to carry on aviation the governor in council shall state between what places in this country lines may be run or carried on. But once that is done, the transport board has absolute jurisdiction.

Mr. ROEBUCK: I think that is substantially what I said.

Mr. HAZEN: I understood that the hon. member was making a wide distinction between the powers of railway companies and those of aviation companies or persons carrying on aviation. When this committee was last sitting on Monday evening, the minister said, as reported at page 3969 of *Hansard*, that the bill proposed to set up a board that had all the judicial or quasi-judicial functions of the board of transport commissioners, under the Transport Act, and that those functions were not subject to review by the minister. He went on to say that provision was made in the bill for an appeal to the minister in certain cases, just as there is provision for an appeal from the board of transport commissioners to the privy council.

If you will examine the transport commission's powers, which are contained in section 13 of the Transport Act, you will find that the commission was empowered to license aircraft to transport passengers or goods. They were given absolute power. The power was not limited. They did not have to obtain the approval of the minister before granting those licences. It was, I say, an absolute power. But when you come to examine this bill, you find that the powers of the board are limited. Its powers are restricted by section 12, subsection 1, which provides that it may issue licences only with the approval of the minister. The board is limited further in its powers to grant licences by section 12, subsection 4, of the bill, which provides that it cannot issue a licence until the minister issues an operating certificate; to save time I will refrain from reading subsection 4, but in substance that is the provision it makes.

Many hon. members on this side have asked why the board's powers have been so limited, and I have not heard a satisfactory reply from the minister. As the hon. member for Lake Centre said the other evening, there are no safeguards in the bill against objectionable exercise or abuse of the minister's powers. I do not mean by that, and I do not think he did, that the present minister would indulge in or exercise any powers that might be called abuses. Nevertheless, in my opinion, and as the hon. member for Vancouver South said, the bill confers dictatorial powers on the minister and that, I think, is objectionable.

But the conferring of these powers on the minister is not all that is objectionable in the bill. The bill provides for an appeal by an applicant who feels that he has not received a fair deal. But to whom is he to appeal? Who is to hear and decide on his grievance? The Minister of Transport, the man who has the say as to whether or not he gets the licence, is the man who is to judge whether or not his appeal will be allowed.

There is no principle of justice in such a proceeding, no principle on which such a proceeding can be justified. Under our system of democratic government, the men and women the voters of the country elect to parliament make the laws, and independent judges interpret and enforce those laws. We have been inclined at times to be rather slack in our duty in the making of these laws. We have been inclined at times, instead of making laws, to allow laws to be made by means of regulations. If such regulations are merely of an administrative nature, there is no great objection; but when laws are made by regulations which impose penalties, then there is great objection.

The laws of the dominion should be made in this chamber, with the suggestions and criticisms of members of parliament. We should not allow legislative boards or civil servants to carry out the duties we were elected to discharge, and members of parliament are negligent in their duty to their constituents as well as in their duty to the country if they permit the laws of the dominion to be made by regulations, the terms of which they do not know and which they have not passed on or approved.

But, sir, that is not the only objection to this bill. It is not only the matter of regulations that I object to, but the powers that are conferred on the minister, who can act as a court

of appeal and decide upon grievances when he is in the first place the one who has already come to a decision as to whether or not a licence shall be granted.

Progress reported.

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

Thursday, June 22, 1944

The house met at three o'clock.

VACANCY

RESIGNATION OF MEMBER FOR THE ELECTORAL DISTRICT OF SHERBROOKE

Mr. SPEAKER: I have the honour to inform the house that I have received the resignation of Maurice Gingues, Esquire, as member for the electoral district of Sherbrooke. I have accordingly issued my warrant to the chief electoral officer to make out a new writ of election for the said electoral district.

REPORTS OF COMMITTEES

AGRICULTURE AND COLONIZATION—CONCURRENCE IN FIRST REPORT

Mr. W. G. WEIR (Macdonald) presented the first report of the standing committee on agriculture and colonization and moved that the report be concurred in.

Motion agreed to.

MISCELLANEOUS PRIVATE BILLS

Fourth report of standing committee on miscellaneous private bills.—Mr. Picard.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

R.C.A.F.—EQUIPMENT DEPOTS—STATIONERY AND PRINTING—SALVAGE

Mr. BENCE:

What was the cost value of the obsolete stationery and printing recovered as salvage from the equipment depots of the R.C.A.F., in each of the provinces of Manitoba, Saskatchewan, and Alberta, during the twelve-month period from May 1, 1943, to May 1, 1944?

Mr. MACMILLAN: No obsolete stationery was recovered as salvage. Certain recovery from forms and maintenance schedules was effected: (a) by reduction of such forms to scratch pads; (b) through equipment depots as salvage paper. The total original cost of material (forms, schedules, etc.) so used was: No. 7 equipment depot, Winnipeg, Man., $2,630.42; No. 11 equipment depot, Calgary, Alta., $1,689.60. Total, $4,320.02. There is no equipment depot in Saskatchewan.

WARTIME PRICES AND TRADE BOARD—ONTARIO TRUCK DIVISION, BILINGUAL EMPLOYEES

Mr. GAUTHIER:

1. What are the centres or districts of Ontario which have the services of bilingual employees in the wartime prices and trade board, truck division?

2. What are the names of such employees and the locations of their offices?

Mr. ABBOTT:

1 and 2. Centres in Ontario—Name of Employee.

Ottawa—Regional office, 69 Rideau St., Mrs. E. Beament, Mr. A. Renton, W. V. Kidd, L. G. Belanger, J. H. Lafreniere, E. D. Drouin, J. H. Pepin, F. Chevalier.

Cornwall—Local office, 113A Pitt St., Mr. J. R. Poirier, R. A. Poirier, M. G. Bergeron, J. A. Villeneuve, J. D. Asselin, C. Leger, J. M. St. Laurent, Y. M. Pommier.

Windsor—Local office, Canada building, F. P. Bouteiller.

North Bay—Regional office, 169 Main St., L. Lamoureux, Miss R. Thomas.

Cochrane—Local office, King George Hotel, J. M. Gauthier, J. A. Brouillard, Mrs. E. Oulette.

Kirkland Lake—Local office, Roberge Bldg., L. E. Charette.

Timmins—Local office, Ostrosser Bldg., Mrs. L. Thorburn, Miss W. Martin.

Sudbury—Local office, Northern Ontario Bldg., L. Huneault, A. Lamoureux.

STRAIT OF CANSO FERRY

Mr. McGARRY:

1. What is the annual cost of the railway operations of the Strait of Canso ferry?

2. What is the cost of operating the ferry steamers, including maintenance, repairs of all kinds, and all operating costs?

3. What is the cost of switching engines on both sides, as well as the upkeep of the roundhouse, and all the equipment necessary for the operation carried on on both sides of the Strait of Canso?

4. What is the cost of freight haulage per ton mile from Sydney to Halifax, Sydney to Truro, and Sydney to Moncton, and the total tonnage hauled?

5. What would be the estimated cost of freight haulage with a bridge across the Strait of Canso, a new road alignment from Sydney to the strait, and from Sydney to Moncton, with grades reduced to possibly seven-tenths?

Mr. MICHAUD:

1. These costs are not segregated in the railway's accounts and are therefore not available.

2. $212,000 for the year 1943.

3. See answer to question No. 1.

4. With regard to the first part of this question, the information is not available in form requested. The total tons of freight handled over the line from Sydney to Point Tupper (both directions) for the year 1943, was about 2,500,000 tons, which quantity, however, is much above the average over a period of years.

5. It is not considered practicable to make a useful estimate as the cost of freight hauling depends on many more factors than the gradient of the lines.

With reference to questions 1, 3 and 4, the preparation of the information called for would entail a tremendous amount of clerical work in segregating the required items from the general operating and financial statistics of the railways. This work has not been undertaken on account of the lack of qualified staff due to war conditions.

VETERANS' LAND ACT

Mr. FAIR:

1. Up to the present time, how many parcels of land have been purchased in each province for account of Veterans' Land Act?

2. On how many parcels in each province has the board secured an option?

3. How many of these parcels are equipped with habitable buildings?

4. What is the price per acre paid or agreed on in each province for land, (a) with buildings; (b) without buildings?

5. Have any commissions been paid to individuals or other agencies for securing those lands?

6. If so, at what rate, to whom paid, and what amount was paid to each?

7. Will those commissions be included in the price charged to the settler in each case?

Mr. FAIR: I would ask that this question be dropped.

Question dropped.

CONSCIENTIOUS OBJECTORS—FARM WORK—DROUGHT BONUS

Mr. BRYCE:

1. Can the party operating a farm, owned by a conscientious objector now in camp, receive drought bonus?

2. If not, why?

[Mr. McGarry.]

Mr. GARDINER:

1. If otherwise eligible under the Prairie Farm Assistance Act and regulations, the fact that the farm of which he is the operator is owned by a conscientious objector does not render a farmer ineligible for the award.

2. Answered by No. 1.

FIBRE BOARD USED IN MANUFACTURE OF CHEESE BOXES

Mr. FRASER (Peterborough West):

1. Is a subsidy being paid on fibre board used in the manufacture of cheese boxes?

2. If so, how much is the subsidy per box?

3. What is the total amount of the subsidy to date?

4. Is there a subsidy being paid for elm veneer when used in the manufacture of cheese boxes?

5. If so, how much is the subsidy?

6. What is the total amount of subsidy paid to date?

7. In addition to the subsidy paid on materials used in the manufacture of cheese boxes, is there any subsidy paid on cheese boxes?

8. If so, what is the amount of the subsidy paid to date?

Mr. ABBOTT:

1. The Commodity Prices Stabilization Corporation Limited on the instructions of the wartime prices and trade board bulk purchases fibre board for use in the manufacture of cheese boxes. In order to supply this material to manufacturers at a price appropriate to the ceiling on finished cheese boxes, the corporation sells at a price considerably lower than cost.

2. The corporation's current trading loss amounts to 9 cents per cheese box body set plus handling and delivery costs.

3. The corporation's trading loss to March 31, 1944, on fibre board cheese box body sets amounts to $27,624.04.

4 and 7. The Commodity Prices Stabilization Corporation Limited is authorized by the wartime prices and trade board to pay a domestic subsidy to manufacturers on their sales of finished cheese boxes, but the rate of subsidy is based on the cost of veneer (including elm veneer) and heading used therein.

5. The rate of subsidy is the amount by which the combined cost of heading and veneer exceeds 27½ cents per set, but in no case may subsidy exceed 3 cents per finished cheese box. Subsidy is limited to 1½ cents on boxes in which fibre board purchased from

Commodity Prices Stabilization Corporation is used. Where boxes are sold at less than ceiling prices, subsidy is reduced correspondingly. Subsidies are refunded to Commodity Prices Stabilization Corporation to the extent that they contribute to profits in excess to 116⅔ per cent of standard profits.

6 and 8. The total amount of subsidy paid to April 30, 1944, is $239.40.

PRODUCTION OF ALCOHOL FOR FUEL

Mr. BLACKMORE:

1. What additional factories were established in Canada for the production of alcohol for fuel in Canada during each of the years 1940, 1941, 1942 and 1943?

2. How much alcohol for fuel was produced in Canada during each of the years 1940, 1941, 1942 and 1943?

Mr. HOWE:

1. None.

2. None.

WARTIME PRICES AND TRADE BOARD—PRICES TO RETAILERS—TRANSPORTATION

Mr. ISNOR:

1. What is the distance in railway miles from Toronto to Winnipeg; from Toronto to Halifax, Nova Scotia; from Toronto to Sydney, Nova Scotia?

2. Because of transportation charges, what additional amount is allowed to retailers in the city of Winnipeg and west therefrom by the wartime prices and trade board under the provisions of orders No. 143 and No. 214?

3. Is the same allowance granted to Halifax and Sydney merchants?

4. If not, why not?

Mr. ABBOTT:

1. The distance by railway from Toronto to Winnipeg is 1,207 miles, C.N.R., and 1,231 miles C.P.R. from Toronto to Halifax, N.S.; —1,175 miles, C.N.R. and 1,099 miles C.P.R; from Toronto to Sydney, N.S.—1,337 miles C.N.R.

2. The majority of price fixations under the provisions of order No. 214 are established on an f.o.b. manufacturer's plant or shipping point basis, sales tax extra, to which wholesalers and retailers may add transportation charges and sales tax paid by them, if not included in the manufacturer's price. To this aggregate cost may be added a markup no greater than the markup customarily obtained by such wholesalers or retailers in pricing the same or their most nearly comparable line of merchandise during the basic period from September 15, 1941 to October 11, 1941. Provision is usually made in the price fixations for an over-riding maximum mark-up, which may not be exceeded.

Where it is a custom of the trade, principally in foodstuffs, prices to retailers may be fixed by zones. These are delivered prices, sales tax paid, and reflect transportation and other costs, to which the wholesaler or retailer may add his customary mark-up as outlined above.

The same general principles are followed in fixing prices under the powers contained in order No. 143.

3. Because of the difference in mileage it follows that the permitted addition for transportation charges to merchants in Halifax and Sydney would not necessarily be the same as in Winnipeg, but would be the actual transportation charges paid by the merchant.

4. Answered by No. 3.

WOMEN WAR WORKERS' RESIDENCE, KINGSTON

Mr. AYLESWORTH:

1. Did the government build a women war workers' residence in Kingston?

2. If so, when was it built and what did it cost?

3. What is the total accommodation?

4. What was the cost of equipping the building?

5. How many chesterfields are in the building?

6. What did they cost?

7. What are the names of the staff?

8. What are their salaries?

9. Is there an advisory committee to the staff?

10. If so, of whom does it consist?

11. Do they receive any remuneration and if so, how much?

12. How many women were in residence during each month of the past year?

13. Where did they work?

14. What was the average length of residence?

15. How many women were in residence on June 1, 1944?

16. Are they all working in war work?

17. If not, what do they do?

18. What is the total cost of operating the residence to June 1, 1944?

Mr. HOWE:

1. Yes.

2. Completed about October, 1943. Cost of building only, $257,432.32.

3. 422.

4. $71,867.43.

5. 44.

6. $2,017.40.

7 and 8. Name	Semi-monthly salary
James Halliday	$82 06
Alice Thompson	89 56
Joyce Vey	46 71
Edith Lamarraerx	46 71
Mildred Murray	72 56
Marion Wheeler	55 44
Dorothy Abbott	55 44
Winnifred Clarke	55 44
Harriet Stewart	55 44
Adorna Carlin	46 71
Bessie Wilsin	27 30
Amelia Parker	33 74
Elizabeth Tracey	33 74
Margaret Kirkpatrick	33 74
Rose Caduc	33 74
Eva Buchanan	33 74
Ethel Wilde	33 74
Juamta Nichols	33 74
Agnes Merrick	33 74
Marie Belanger	33 74
Clara Edwards	31 14
Robert McEwen	57 06
George Orr	51 90
Charles O'Neill	57 06
David Hopkins	77 06
Fraser Stensen	64 56
Norman Biggar	50 00

9. Yes, there is an advisory committee covering all Kingston operations.

10. The advisory committee consists of the following: Mr. Grant MacLachlan, acting chairman; Mr. S. Frayn; Mr. George Bawden.

11. No remuneration is paid to the members of the advisory committee.

12. Month	No. in residence
October 30, 1943	31
November 27, 1943	190
December 25, 1943	211
January 29, 1944	231
February 26, 1944	206
March 25, 1944	201
April 29, 1944	200
May 27, 1944	228
June 17, 1944	154

13. Aluminum Company of Canada; Nylon workers; shipyard workers; locomotive workers; Monarch Battery; headquarters staff; W.R.C.N.S.; nurses.

The staff and others not designated.

14. Information not readily obtainable.

15. 166.

16. As of June 10, 1944, approximately 90 per cent were war workers or in war services.

17. As of June 10, 1944, the break-down of occupancy is as follows: Aluminum Company of Canada, 43; nylon workers, 16; shipyard workers, 6; locomotive workers, 2; Monarch Battery, 1; W.R.C.N.S., 1; headquarters staff, 2; nurses, navy, 57; staff, 13; others not designated, 16.

18. $25,831.38.

QUESTION PASSED AS ORDER FOR RETURN

CROWN COMPANIES

Mr. POULIOT:

What crown companies have been incorporated, (a) by statute; (b) by order in council?

FAMILY ALLOWANCES

PROVISION FOR PAYMENTS IN RESPECT OF CHILDREN UNDER SIXTEEN

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the house go into committee at the next sitting to consider the following resolution:

That in order to ensure a greater measure of well-being to the children of the nation and to help gain for them a closer approach to equality of opportunity, it is expedient to introduce a measure to provide:

1. That family allowances, effective as from the first day of July, 1945, be paid in respect of each child in Canada under sixteen years of age, in accordance with the following scale:

in respect of a child less than six years old, five dollars per month;

in respect of a child six or more years old but less than ten years old, six dollars per month;

in respect of a child ten or more years old but less than thirteen years old, seven dollars per month;

in respect of a child thirteen or more years old but less than sixteen years old, eight dollars per month;

Provided that the above rates shall be reduced; by one dollar per month in respect of the fifth child;

by two dollars per month in respect of the sixth child and seventh child; and

by three dollars per month in respect of the eighth child and any additional child or children;

2. That the reduction in tax under the Income War Tax Act allowable to a taxpayer by reason of a child shall be reduced by an appropriate amount based upon the family allowances payable under the said measure;

3. That the amounts required under the said measure be paid out of unappropriated moneys in the consolidated revenue fund.

4. That the expenses necessary for the administration of the proposed act be paid out of the moneys appropriated by parliament for such purpose.

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

Motion agreed to.

ROYAL CANADIAN AIR FORCE

DISTURBANCE AT VALLEYFIELD ON JUNE 19

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I desire to ask a question of the parliamentary assistant to the Minister of National Defence for Air. Will he give the house full information with respect to the recently reported incidents at Valleyfield?

Hon. CYRUS MACMILLAN (Parliamentary Assistant to the Minister of National Defence for Air): Mr. Speaker, I thank the hon. member for giving notice of his question. The A.O.C. of No. 3 training command reports that two men, one service and one civilian, were involved in a scuffle at 22:30 hours on the night of June 19 and were taken into protective custody by the local police. Subsequently a number of air force personnel appeared before the city gaol and requested the release of Sergeant Primeau, the airman involved, to which request the chief of police complied.

The full details of this are not entirely clear, but it appears that during the scuffle in the vicinity of the gaol a policeman received a blow, presumably from the fist of one of the service personnel present. His injuries, if any, were of a very minor nature and no hospitalization or medical treatment was necessary.

A court of inquiry was established ,and meanwhile all personnel, with the exception of a few who are living out, have been confined to barracks. The morning after the disturbance the usual route march was held, but these have been suspended by the A.O.C. in order not to excite any demonstrations. The A.O.C. stated that the newspaper reports were greatly exaggerated and that he has had conferences with the city manager and chief of police at Valleyfield, who are satisfied that everything possible is being done so that no further disturbances need be anticipated. He has assured the civic authorities that any service personnel involved would be made available upon their request.

The A.O.C. has detailed two of the command legal officers to conduct the inquiry, and when the proceedings are received full details will be available and will be forwarded to air headquarters as quickly as possible. Squadron Leader Chopin was acting as commanding officer during the absence of Wing Commander Cronyn on temporary duty. The latter has now returned to his station. There has apparently been a satisfactory end of the trouble, and there has been no further disturbance.

PRISONERS OF WAR

FAR EAST—REPRESENTATIONS AND ARRANGEMENT RESPECTING FOOD, CLOTHING AND MEDICAL SUPPLIES

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I should like to make a statement respecting relief supplies to prisoners of war and internees in the far east.

On June 5 I promised the hon. member for New Westminster (Mr. Reid) that I would make a statement about efforts which are being made to improve the position of prisoners of war in the far east.

In January last I outlined the attempts which had been made by the Canadian government and the Canadian Red Cross Society in collaboration with other allied governments and Red Cross societies, to establish a regular service for the sending of food, clothing and medicines to our nationals in the far east. For over two years now, continuous efforts have been made by the governments and Red Cross societies of the British commonwealth and the United States to secure Japanese agreement to the regular transmission of relief supplies. In spite of repeated disappointments, and rejection by the Japanese government of one proposal after another, we have persevered in our efforts. So far, only supplies carried by the exchange vessel *Gripsholm* and by the British exchange vessels during the course of civilian repatriation movements have reached allied nationals in Japanese and Japanese controlled territory. All possible supplies were carried by these ships, but the amount was pitifully small in relation to the needs of the thousands of prisoners of war and civilians in the far east.

In December of last year representatives of the British, American and Canadian Red Cross societies meeting in Washington appealed to the Japanese Red Cross to use their influence with the Japanese government and to offer advice and suggestions, with a view to establishing a regular service for relief supplies. More recently, through the agency of the Swiss government, the governments of the British commonwealth countries proposed to the Japanese government a plan for the regular shipment of food and medicines in both directions on a neutral ship under the auspices of the International Committee of the Red Cross and manned by a neutral crew plying regularly between an agreed allied port and a port on the perimeter of Japanese-controlled territory. This proposal is similar to one originally made by the Canadian government in 1942 but dropped then because other proposals seemed more likely to be accepted.

The current plan provides that a second ship shall be placed at the disposal of the Japanese government to pick up the supplies at the entrepôt and carry them to points where they are needed. This second neutral ship might be manned by a Japanese crew.

As yet no reply has been received from the Japanese government to this proposal, which was submitted to them by the Swiss government on May 8.

Some time ago, limited stocks of food, clothing and medical supplies were shipped jointly by the Canadian and American Red Cross societies to Vladivostok for onward transmission to allied prisoners of war and internees in Japanese hands. The Soviet government agreed to hold these supplies until an agreement was reached with the Japanese authorities for their movement and there are now fifteen hundred tons of relief goods stored in Vladivostok. On May 10 the United States government received a communication from the Japanese government, offering to send a ship to a Soviet port at regular intervals to pick up the relief supplies already stored at Vladivostok, as well as additional shipments of relief and mail which would be sent subsequently to Soviet territory. The Soviet government was consulted and they have indicated their willingness to have the stocks loaded on a Japanese ship at a convenient port near Vladivostok, or alternatively to send the supplies over land to be delivered to the Japanese authorities at a convenient border railroad station. The Soviet government has also offered the facilities of an equally accessible port, to which future shipments of supplies and mail may be sent. The Soviet proposals have been communicated to the Japanese government, and it is hoped that a regular service for relief supplies and mail for distribution to allied nationals in Japanese custody may be established.

All relief supplies sent to the far east under any of these plans would be pooled, that is, would be made available to Canadian and other commonwealth prisoners of war and internees, as well as to those of the United States and the Netherlands.

I wish to make it clear that the Swiss government as protecting power for Canadian and other British commonwealth interests in Japan is the official channel through which all formal approaches to the Japanese government are made. I have already, more than once, spoken of the gratitude we owe the Swiss for their untiring efforts on behalf of our prisoners and civilians in enemy hands. The cooperation of the Soviet government has been requested in this instance in view of the desirability of establishing a depot on the pacific coast of the U.S.S.R. to which relief supplies can be forwarded and where they can be stored pending onward shipment to Japanese territory. The Canadian government, in common with the other interested governments, are deeply grateful to the Soviet government for their ready cooperation and willing assistance.

DEFENCE OF CANADA REGULATIONS

REPORT AS TO SECRET ORGANIZATION TO CREATE SEPARATE STATE IN QUEBEC AND PARTS OF ONTARIO

On the orders of the day:

Mr. FRED ROSE (Cartier): Mr. Speaker, in view of the statement made by an hon. member from the other place, reported in to-day's issue of the Montreal *Gazette*, with regard to the existence of a secret organization plotting to create a separate corporative state within the province of Quebec and parts of Ontario, will the Minister of Justice make a statement in the house, either to-day or in the near future, outlining steps his department will take to investigate the charges made?

Hon. L. S. ST. LAURENT (Minister of Justice): I might suggest to the hon. member that if he would put his question on the order paper without reference to any debate in the other place I could answer it without trespassing upon standing order 41 of this house.

Mr. SPEAKER: The hon. member should place his question on the order paper.

WHEAT BOARD

INQUIRY AS TO APPOINTMENT OF REPRESENTATIVE AT WASHINGTON

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I desire to ask a question of the Minister of Trade and Commerce, arising out of a press item to the effect that for the first time in its history the wheat board has appointed a representative in Washington. Is the minister prepared to give a statement with regard to this change? Will he indicate also whether the reports appearing in some of the United States papers, to the effect that arrangements have been made whereby after the war the United States will buy a larger amount of Canadian wheat than anticipated, are correct?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I am grateful to the hon. member for Lake Centre for giving me notice of his intention to ask these questions.

In answer to the first question, the Canadian wheat board has two principal considerations

in appointing a representative in Washington. The first is that over the past eighteen months the United States has been purchasing very substantial quantities of feed grains from Canada, including wheat. For example, during the 1943-44 crop year to date the United States has imported 144,000,000 bushels of wheat, 62,000,000 bushels of oats, nearly 28,000,000 bushels of barley, nearly 9,000,000 bushels of rye and over 10,000,000 bushels of flaxseed. Altogether in the calendar year 1944 it is anticipated that the United States will import 170,000,000 bushels of Canadian wheat, in addition to what coarse grains are above our own requirements. Since the purchasing arrangements on wheat and the transportation on all grains have to be arranged between the Washington authorities and the Canadian wheat board, it will obviously be of advantage to the board to have a representative in Washington to serve as liaison between the board and the responsible Washington officials.

The second consideration is that Canada is an active participant in the operations of the combined food board, the cereals committee of which is bringing the grain supplies and requirements of the allied nations under international allocation. The cereals committee of the combined food board has been functioning since January of this year, with Mr. George McIvor, chief commissioner of the Canadian wheat board, serving as its chairman. Since it is impossible for Mr. McIvor to devote more than a small portion of his time to the work of this committee in Washington, the board's representative in Washington will be in a position to participate in the operations of the committee from day to day.

I might add that Mr. W. C. McNamara, who has been appointed to this position, has been associated with the Saskatchewan Pool Elevators Limited in Regina since 1924. More than two years ago he was lent to the Canadian wheat board and was in charge of the transportation department of the board. He has therefore been directly in touch with the transportation arrangements on the feed grain supplies which have already been moved to the United States.

I am sorry I am not in a position to-day to give the hon. member any information as to the supplies of wheat the United States may wish to buy in Canada next year. At the present time there does not appear to be any signs of a diminution in the demand from the United States.

GASOLINE

INQUIRY AS TO GOVERNMENT PURCHASE OF 80-OCTANE AND OTHER GRADES

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): In view of the statement made by the Minister of Munitions and Supply on gasoline supply on Tuesday, June 20, is the government in the market to purchase any quantity of 80-octane and other grades of aviation gasoline from others than the refineries?

Hon. C. D. HOWE (Minister of Munitions and Supply): It is the practice of the government to purchase its requirements of gasoline from refineries in Canada, which have either purchased the crude oil from Canadian sources, or have obtained petroleum from sources abroad which was brought into Canada through the agency of the oil controller. I know of no supplies in Canada that are not in the hands of refineries. If my hon. friend can show his wares and tell us where the gasoline is, we shall be very glad to buy it. I think I have some knowledge of the source referred to in his question, and if my hon. friend knew as much about it as I do, he would not be asking the question.

SUGAR

STATEMENT ON SUPPLIES FOR CANNING

On the orders of the day:

Hon. J. L. ILSLEY (Minister of Finance): I was asked a question by the hon. member for Haldimand (Mr. Senn) on Tuesday last about sugar for canning, and I promised to make a statement to-day. I dislike reading these long statements on the orders of the day, but I do not think there is any remedy for it.

Mr. GRAYDON: It is important.

Mr. ILSLEY: Yes. Under the direction of the combined food board, sugar is allocated to the United States and Canada on an equal per capita basis, but it is left to the authorities of each country to determine, on the basis of its own domestic circumstances, the most appropriate way for the given total of sugar so allocated to be distributed among its consumers. Thus there is no discrimination between consumers of the two countries as to the amount of sugar made available to them over-all, but each country has found it necessary to adopt plans suitable to the needs and habits of its own consumers for certain parts of the total distribution. The distribution of canning sugar has always presented a difficult problem with sugar rationing.

In 1943 the United States authorities, as an experiment, adopted the policy of making a

maximum of twenty-five pounds of sugar per person available for canning purposes (only five pounds of which could be used for preserving jams, jellies and marmalade), ten pounds of this quantity being available through two coupons in each ration book and the remaining fifteen pounds being obtained by application to local ration boards, indicating the quantities of fruits and preserves to be canned. Under this scheme United States consumers took up an average of only thirteen pounds of canning sugar per capita, and only approximately forty-five per cent of consumers made application for canning sugar beyond the ten pounds obtainable by ration book coupons.

Our experience in Canada was markedly different. In 1943 consumers were required to apply to their local ration boards for their full supply of canning sugar. While the wartime prices and trade board had anticipated that perhaps thirty-five per cent of the population would make application, in actual fact eighty-four per cent of all consumers applied for an average of approximately twenty-three pounds of canning sugar per person. As this amount was just over double the amount of sugar which Canada had allocated for canning purposes or had previously used for this purpose, the solution which had to be adopted was to distribute through local ration boards an average amount of 11·3 pounds per applicant, the actual distribution of this amount in each district being left somewhat to the discretion of the local ration board to permit adjustment to local conditions. In addition, the introduction of the preserves ration in September made available, through the sugar alternative of the preserves ration, a maximum of an extra four pounds of sugar during the last four months of 1943, thus making it likely that consumers in Canada obtained on the average the thirteen pounds of sugar for canning which was the average in the United States.

Officials in the two countries are inclined to feel that the different results obtained in the two countries on the basis of somewhat similar policies are probably largely due to the fact that in many of the larger American cities an important section of the population does little or no home canning, with the result that on the average the supply of sugar for home canning has to be more widely distributed in Canada than in the United States. In any event, the experience of the United States authorities was such as to justify them in adopting for 1944 a policy very similar to that they had used in 1943. The only amendments made were those of detail; for example, only one coupon was included in ration books to cover the acquisition of five pounds of canning sugar, application being required for the remaining twenty pounds this year as opposed to fifteen pounds last year, while consumers were relieved from the necessity of indicating this year in their applications how much fruit and preserves they proposed to put up. In addition, the five-pound restriction on sugar for jams, jellies and marmalade, a limitation which was never in effect in Canada, was removed. It should be noted that, although consumers may receive a maximum of twenty pounds of canning sugar on application, it lies within the discretion of local ration boards to reduce the amounts requested, and should, for instance, our own experience of last year be duplicated in the United States this year, this would become inevitable on a wide scale.

In Canada, on the other hand, our experience obviously indicated that a plan of this sort would be impracticable. Accordingly, it was decided to combine a standard allotment of ten pounds of canning sugar per consumer, to be available through special coupons in ration books, with a provision for supplementary quantities of sugar obtainable through the sugar alternative of the preserves coupon. This plan has the important advantage of providing the flexibility which is so desirable as between individual households, and of establishing an extremely equitable basis of distribution in that those households whose practice it is to do more home canning, and to purchase less in the way of commercially packed preserves, are able to do so by converting preserves coupons into sugar.

It is fully expected, in light of past experience, that this plan of dealing with the extremely difficult problem of canning sugar will prove to be satisfactory. Accordingly, and in view of the fact that there is no discrimination between Canadian consumers on one hand and American consumers on the other in the total amount of sugar being made available to them, there is no intention of amending the canning sugar distribution plans already announced.

RECONSTRUCTION

ESTABLISHMENT OF DEPARTMENT TO FORMULATE AND CARRY OUT RECONSTRUCTION PLANS

The house resumed from Tuesday, June 20, consideration of the motion of Mr. Mackenzie King for the second reading of Bill No. 82, to establish a Department of Reconstruction.

Mr. BROOKE CLAXTON (St. Lawrence-St. George): Mr. Speaker, at this time our thoughts are overseas with the Canadian forces

who are fighting in a way that is worthy of their country and their cause. We look forward to the day when they will return, and we recognize that the very best welcome we can give them when they do return is that every one of them shall have employment in a job that will use his capacities to the full. The purpose of the department which this bill is to set up is to assist in creating opportunities for such employment, as well as to assist in coordinating the whole work of reconstruction. I would have thought that such a bill introduced at this time might have received not only the support of all members but their support in speeches which did not raise political considerations. But on Tuesday night, when the debate began, there were one or two remarks made to which I think I should refer.

I refer particularly to remarks made by the leader of the Cooperative Commonwealth Federation in his speech in the house on Tuesday night. Towards the end of that speech he spoke as though he and his party wanted to see one single plan of reconstruction for the whole country. He spoke as though reconstruction was a tangible problem dealing with something concrete that could be dealt with in a single plan. He said at the end of his speech:

> I was thinking of a plan for the whole country. A plan for all Canada would be more fitting than that.

We undoubtedly need plans for reconstruction, but no single plan will meet the needs of the Canadian people, of the Canadian provinces, of the Canadian municipalities, of Canadian industry, of Canadian agriculture, and of the government of the country as a whole. What we need is a complex of plans which will meet those needs. And we need more than that. We need an attitude towards the whole problem of reconstruction. We are not going to solve the problem by setting down a hard-and-fast blueprint, because we do not know what the conditions will be that we shall have to meet. We do not know when the war will end. We do not know how long the war against Japan will last, and naturally until we know those things we cannot set down the hard-and-fast lines of a plan. The whole problem is so complex and complicated that what is needed is a very flexible and resilient arrangement of devices, ideas and plans which will be ready to deal with the whole problem or with any part of the problem as it presents itself.

On that account we must regard the problem as complicated and difficult, and we are not going to meet it by saying that it is easy. We can provide full employment for all the people of Canada and provide a maximum of income, but not by wishful thinking. It is not going to be met in that way. It can be met, but it is not going to be met by doing nothing about it, and it is the purpose of this department to coordinate the activities that must be carried on to do what is necessary when it is necessary to meet the problem.

Equally we cannot meet this problem by crying blue ruin and disaster, or by saying that after the war we are not going to have full employment, or that we are not going to be able to do this and that; and that, Mr. Speaker, is the attitude taken to a very considerable degree by the gentlemen opposite in the southwest corner.

Mr. BLACKMORE: Whom do you mean?

Mr. CLAXTON: Most of the members of the Social Credit party and the members of the C.C.F.

Mr. BLACKMORE: That is entirely false. The hon. member has no right to make a remark of that kind at all, Mr. Speaker.

Mr. CLAXTON: I can refer the hon. member to his own questions put in the course of debate at pages 3987, 3996 and 4015 of *Hansard,* which show just that attitude. As for the C.C.F., I had proposed to make a very brief reference to a speech made in the course of the Saskatchewan campaign by the leader of the C.C.F. party in that province, now the Premier of Saskatchewan.

Mr. BLACKMORE: I challenge the hon. member to support his statement with respect to the Social Credit party.

Mr. CLAXTON: I have given the references.

Mr. BLACKMORE: I ask the minister to read the questions to show that he has the right to draw the conclusions he has drawn. I challenge him to do it.

Mr. CLAXTON: The hon. member can read them as well as I.

Mr. BLACKMORE: The hon. member has made a statement, and I challenge him to support it by reading what I said.

Mr. CLAXTON: The passage I wish to read from the speech of Mr. Douglas in a radio talk given in Regina is the following:

> Liberal speakers are telling you how much better off you are. How many boys' lives has it cost to get $1.20 a bushel for wheat? My friends, it is not your economic position to-day that should determine your actions. Remember what you have come through before the war and what you will be called upon to go through after the war. I do not agree with those who claim that the farmer and worker are well off to-day—if I had time I could show you that the real beneficiaries of this war-time prosperity

are the meat packers, heavy industry and financial institutions. The only difference the war has made is that the farmer can sell his produce and the worker can get a job. Every thinking person knows that under our system of free enterprise unemployment and low prices will follow the end of the war as night follows day.

Mr. COLDWELL: What is wrong with that? Was not that our previous experience?

Mr. REID: The prophecy might be wrong. That is what is wrong with it. Have you no hope?

Mr. COLDWELL: That is what happened after the last war when the Liberals were in power.

Mr. REID: That is the guff you have been giving the public.

Mr. SPEAKER: Order. I hope hon. members will realize that we are in the House of Commons.

Mr. REID: Some of them don't.

Mr. MARTIN: Some of them from Saskatchewan don't.

Mr. COLDWELL: If you want to re-fight the Saskatchewan election, all right.

Mr. GARDINER: We will re-fight it four years from now.

Mr. SPEAKER: I must ask hon. members to bear in mind that the hon. member who is addressing the house is entitled to speak without interruption.

Mr. CLAXTON: Mr. Speaker, I can answer the leader of the C.C.F. In putting forward the case for his party, in Saskatchewan and elsewhere, he and his supporters do not look at the situation of Canada as it is to-day, in 1944; that would not suit their book; that is too good. They look back to 1932—

Mr. COLDWELL: Why not?

Mr. CLAXTON: —and they do so because they were not in power in 1932; therefore, they argue, they should be in power in 1945 or some other time; whereas I suggest to my hon. friend that it would be just as logical to contend that because the Liberal party were not in power in 1932 they should be in power for ever and a day. The plain fact is that references to 1932 have about as much relation to the situation in 1944 and the future as references would have to a period before the last war.

Mr. COLDWELL: What about 1938 and 1939?

Mr. CLAXTON: There was a very great change between 1938 and 1939 and 1932, as my hon. friend knows.

Mr. COLDWELL: A million people were on relief.

Mr. CLAXTON: I would like to contrast this statement made by Mr. Douglas in the Regina election with the statement made a year before to the Trades and Labour Congress of Canada at Quebec city by the Minister of Finance (Mr. Ilsley) on the first of September, 1943. In that statement the Minister of Finance said this:

> We have learned very much and developed a long way in Canada during the past four years of war. We have completed to a large degree our transition to an industrial nation. Our manufacturing capacity has been increased by perhaps 50 per cent in these few years. Hundreds of thousands of Canadians have acquired new skills and learned to manage modern machinery. Our workers have demonstrated that they can produce—quickly and efficiently—many types of products which formerly we thought we had to get from Britain or the States. We have succeded in more than doubling our industrial production. We have discovered far greater reserves of productive capacity and ability than I believe any of us realized before the war.

Mr. COLDWELL: Did we not have enough capacity in 1933 and 1934?

Mr. CLAXTON: My hon. friend, as I said, is living in the past. He refers continuously to the depression of 1932, 1933 and 1934.

Mr. COLDWELL: And 1939.

Mr. CLAXTON: That is the attitude of the party to which I referred. The people and the government of Canada had about as much to do with the depression as the man in the moon. That depression was created by a world depression.

Mr. SENN: Hear, hear. That is a new story.

Mr. REID: No country did any better.

Mr. SPEAKER: Order.

Mr. CLAXTON: The Minister of Finance went on:

> During the war, our economic controls and our financial and productive efforts have had to be directed to the destruction of the enemy. We have had to restrict our general standard of living, while protecting that of those near the minimum, in order that we could attain the highest possible standard of fighting. When the war is over, however, we must and will I believe, turn our economic management, our newly found productive power, and our financial

capacity to the improvement of the Canadian standard of living. It is then that we shall reap the fruits of the peace we have secured and of the experience we have gained.

Mr. BLACKMORE: How? Not a word about how it is to be done.

Mr. NOSEWORTHY: The same promises were made in 1939.

Mr. SPEAKER: Order.

Mr. McDONALD (Pontiac): The school teachers are showing a good example!

Mr. SPEAKER: I must again call attention to the fact that this is not a private debate between hon. members of various parties. The hon. member for St. Lawrence-St. George (Mr. Claxton) has the floor, and he is entitled to speak without interruption unless he is willing that questions should be put to him. I must ask hon. members on all sides of the house to observe that rule.

Mr. CLAXTON: I believe that I have never interrupted anyone in the house, but I have always been willing to answer questions. With regard to the question of the hon. member for Lethbridge, he has put that question three times in this debate; it has been answered three times; he has put it constantly to the house, and I do not think I should take up my time now in answering it any further. But I hope that my speech as it goes along will be an answer which he can accept, if he wishes.

The Minister of Finance in the speech which I have cited, referred to the objects at which we should aim and the paths we should take. I wish I had time to read extensively from this speech; it is magnificent. He ended with these words:

> What I wish to emphasize to you to-day however is not the detailed direction in which we must advance, but rather that we must advance with the same vigour and energy after the war that we are now using in the war itself. We must pursue better housing with the same effort and effectiveness that we are devoting now to price control. We must conceive and carry out social insurance with the same boldness and thoroughness with which we have raised the income tax for war purposes. We must have the same courage and faith in financing useful peace-time development as we have had to apply in financing the war. We must retain the confidence that we have gained in the war, and shake off for ever the frustration which fell upon us in the 1930's.

I ask hon. members to contrast those two statements—the statement of Mr. Douglas, in which he said how many boys' lives it cost to get $1.20 a bushel for wheat, and referred to the certainty of unemployment under the present system, and the statement of the Minister of Finance, in which he lays down aims and purposes and points the way that will be taken to achieve those aims. He, probably more than any man in Canada outside the Prime Minister himself, is by his service to the country demonstrating his capacity to carry out what he says he will do.

We are not going back after this war to 1939 or to 1932. We are not going back to any previous period. We are going forward on the basis of where we are at the end of the war, on the basis of 1944, 1945, 1946—whenever the war ends. I should like to call to the attention of hon. members that that starting point which we will have at the end of the war is a very different place and will find us in a very different situation from where we were even at the beginning of the war, and still less in 1932. The war has had an enormous effect on our productive capacity and on our skills. A country which can produce over 500 naval vessels and 200 ten thousand-ton boats, or 80,000 units of artillery and 10,000 planes, is a nation of considerable industrial capacity.

The London *Economist*, the leading British business paper, wrote:

> Canada will emerge from the war one of the great industrial nations. She will be able to produce fifty per cent more iron and steel, five times as much aluminum, quantities of magnesium, tungsten, mercury and chromium. Her hydro-electric power capacity will be twenty per cent higher. She will have great shipyards, aeroplane factories, explosive and chemical plants, a synthetic rubber plant, armament factories, machine tool industries, instrument laboratories which were not here before the war. About one billion dollars has been spent in four years in additions to plant and equipment. There is a new industrial army of skilled men and women workers. A new tradition and a rich experience have been acquired.

What does this mean to people who are going to want jobs after the war? It means that provided we use these new capacities and these new skills we can produce jobs for everyone, jobs at wages that have never been known before.

Our position has improved in many other directions. Take wages, already the average weekly pay cheque of people engaged in manufacturing has gone up by almost fifty per cent. The national income has been doubled; about ninety per cent of the people of Canada are better off than ever before; the external debt has been reduced; dividends have been reduced; salaries have been reduced, but wages income and security have gone up. The same thing is true of the position of the farmers. Despite a twenty-four per cent decrease in the number of people on the farms,

the farmers of Canada are producing more than twice what they are doing before and they are getting twice as much as they got in 1939 for their produce. Agricultural production has doubled. The real purchasing power of the great majority of families in Canada is much higher than it has ever been, and to-day there are half a million more bank accounts than there were in 1939. Over seven million life insurance policies are in force, and three million Canadians bought war bonds in the last loan. The savings of individual men and women have increased by nearly four billions since the war.

An hon. MEMBER: That is war time.

Mr. CLAXTON: Yes. But we are not going to go back to the pre-war condition and stop everything just because my hon. friend says we are going to.

Now we can compare this situation with what it was in the last war. In the last war a few rich people became richer and poor people became poorer. That the exact contrary is true now is owing to the policies of the government and the support of the people of Canada during this war. In addition, there have been immense social gains in Canada owing to the way the war has been run. There has been a much better and fairer distribution of the national income, and there has been, in addition, unemployment insurance. To-day we heard read the notice to introduce a resolution to provide for family allowances on a scale not known in any other country in the world. That is part of the programme, and it is not a programme that will be put off until some far distant date. It is being carried out now while the war is on. My hon. friends can talk about the post-war period, but we are going to do in the way of social reform in Canada during the war the things that hon. gentlemen opposite talk about as part of their programme for the post-war period. We are going to begin the period of reconstruction very much better off not only than Canada has ever been before but probably better off than any other country in the world. We shall have greater natural resources. The record of achievement in the war, by our soldiers, workmen, industrialists, and farmers, is one that will make us proud to carry on after the war in the same splendid fashion as during hostilities.

The war has brought a change in the Canadian spirit, and that is something that we should recognize. No longer shall we be willing to face anything like the 1930's. We will not stand it, and there is no reason why we should. My friends opposite have not a prerogative of that kind of talk, because nobody is going to stand it, and nobody is going to have to stand it. It is not going to happen.

In this kind of discussion, very frequently, there creep in comparisons with the situation in other countries. As I said the other day in this house, it is unwise to make such comparisons unless for the purpose of emulation; but when these comparisons are made in a discussion of this kind invariably the person making the comparison picks out one single thing in respect of which some other country is better off and Canada has to match the best in the world. Well, usually Canada can match the best in all the world. But when we come to New Zealand particularly, a country for which I have the highest regard and where I have a great number of friends, I would suggest to my friends opposite that when they make comparisons they be fair and compare not only the scheme of social insurance, which is excellent in that country and which leads the world—there is no doubt about that—but also the standard of living, the standard of wages, national income, the burden of debt per capita and the rate of interest that is payable on the debt of New Zealand. They should also compare the climates, soils and geographical situations of the two countries. If we are going to make comparisons, let us make a fair comparison and see where we stand and where they stand.

We cannot match every country with regard to everything, but we can say that there are few countries in the world which have so much of what is best as Canada has; and I ask my hon. friends, when they discuss the post-war situation here in comparison with other countries, to ask themselves frankly and honestly what country can offer more, where in the world can a young man such as any of our boys who are returning from overseas find better prospects for the future than in Canada?

We are going forward on the basis of where we shall be at the end of the war and not on the basis of where we were in 1932, and to do that we shall require a set of arrangements similar to, though not the same as, those that are necessary to conduct the war. The same kind of foresight, the same kind of cooperation, the same kind of coordination as are necessary in the conduct of the war will be needed for the mobilization of the resources of Canada, human and material, in the post-war period.

The problem of reconstruction has been usually considered under three heads. First is the rehabilitation and demobilization of the armed forces. On that, Canada's record is said by impartial observers to be the best in the world. We are said to have the most complete and comprehensive programme of

any in the world, a programme already working, not one to be carried out in the future, and that will improve steadily as discoveries and suggestions are made to that end.

But as I said in the opening of my remarks, the soldier's best welcome home is a job, and so the biggest part of our work in preparing for the post-war period must be to provide for industrial reconversion, and the provision of means of gainful employment for all our people who are willing and able to work.

This is going to be the greatest of all combined operations, and the new department will have the job of examining all plans and reports that have been made in order to provide maximum production, maximum employment, maximum income and maximum security. The department will look over all projects for public works and housing and fit them into a programme which can be put into action where it is necessary. It will involve close cooperation with industry, labour and the primary producers. It will involve the development of new industries, the extension of improvements gained during the war, the application of research, and the encouragement of initiative. The work already done in this field has been described by the Prime Minister. I have had an opportunity of examining it personally, and I can testify to the amount and the quality of the work of planning that has been done by the various interdepartmental committees that have been looking into this subject. That work will find its ultimate expression in government policy.

First comes the conversion of industry itself. Whether that industry be conducted by private enterprise or be publicly owned, the problems will be very much the same, and this question is receiving continuous consideration to-day under various heads, some of which I might mention.

Aids to production and cost reduction; tax and tariff reforms; expanded research; promotion of improved production and distribution methods; cheap credit, under which would come the Industrial Development bank, the National Housing Act, the agricultural credit bank, the central mortgage bank, amendments to the Bank Act, and the policies of the Bank of Canada; checks on inflation—because it is just as important in this post-war period that we do not let prices run away with us as it is to-day, and it may be more difficult then, so that we must consider what kind of controls will be needed to check inflation and distribute commodities in scarce supply. I should think the policy of this party, as opposed to that of some of the other parties, is to have the minimum amount of control necessary to do the job. Then there are improvements in labour efficiency; expanded employment service; increased vocational and technical training facilities; effective grievance, arbitration and conciliation machinery, and the development and extension into the peace-time period of labour-management committees.

Then we come to the second main class of subjects receiving continuous consideration at the present time: the promotion and stabilization of markets. Under this come expanded foreign trade promotion services, which include reorganized trade commission service, machinery for greater coordination of departments and outside interests concerned with foreign trade; export credits—an export credit bill has been announced in the speech from the throne—and other similar subjects. To increase domestic consumption, which is part of the problem, we have the guaranteed floor prices announced in the speech from the throne; monetary policy; subsidies of various kinds as, for example, the subsidies to provide for guaranteed floor prices.

As part of the programme to increase consuming power and expand markets for Canadian goods, we have the social security programme, including the measure of which notice was given to-day, the family allowance legislation. This is a great step forward in the equalization and fair distribution of income, and at the same time a great humanitarian measure to provide a basic minimum for the family with children. It is one of the greatest and most daring financial and economic measures ever put forward in a democracy to increase the consuming and purchasing power of the whole community.

There is another class of subjects, Mr. Speaker, which must be considered and which is receiving continuous consideration; that is, the avoidance of obstacles to business. This means the removal of discriminatory and discouraging taxation, of the fear of direct governmental competition in various fields and, of course, measures to eliminate the domination of markets by cartels and monopolies.

All these matters are receiving consideration in various levels of the government departments to-day. The policies have been announced in the speech from the throne, and they will be amplified in good time, and in sufficient time.

From the field of industry, whether conducted privately or by public corporations, we come to the field of public improvements. This field usually holds first place in the minds of the people, and various parliamentary committees have given the matter a great

deal of consideration. On Tuesday of this week the hon. member for Davenport (Mr. MacNicol) made a very interesting and constructive speech on this subject. This field may, if everything works out for the best, prove to be the least important in the long run, because if the economic and financial policies of the government are effective, and if we have a reasonable amount of international trade after the war, we will find that the programme of public improvements will not need to be nearly as extensive as some people now feel or fear. However, public improvements will be needed, and plans are being prepared. I can assure hon. members that hundreds of plans are now ready or in process of preparation, and the provinces and municipalities are similarly at work. What is required is that the work be coordinated, and then that questions of priority be settled.

All this great complex of questions involved in restoring our economy from a war-time to a peace-time basis can be carried out only with the united cooperation and good will of the Canadian people. It can also be carried out only by the cooperation of the dominion and the provinces, and for that purpose the dominion government has called a conference with the provinces, to be held just as soon as the convenience of all can be met. The purpose of that conference, and the attitude of the dominion at the conference, will be just this: that the ten governments concerned will sit down around a table to see what the post-war needs of the Canadian people are, how those needs can be met, and who can best do each part of the job.

Mr. JAQUES: The blind leading the blind.

Mr. CLAXTON: Well, the work already achieved in this field, as indicated in the Prime Minister's speech, would hardly indicate any great degree of blindness. I should think the reputation Canada has won for herself in the other countries of the world in the fields of economic and financial policy during the war, and the record of the Canadian people, would indicate that our policies will stand comparison with those of any other country in the world, and that they have led most other countries.

This conference between the dominion and the provinces will be of the utmost importance to the future of the people of Canada. I think it must be evident from the attitude taken so far by the dominion and the members of the government that the conference will not be entered into with any thought of endeavouring merely to secure the transfer of constitutional and financial power by one side or the other. The conference aims to see what is best for the people of Canada, how their needs can be met and who can best meet them; and if, as I expect, the provinces meet the dominion in that spirit, we can look forward to a satisfactory arrangement to deal with all these questions.

We cannot anticipate everything that lies ahead, but we can do a great deal. I can assure hon. members and the country at large that from what I have seen of the work of the economic advisory committee, of the various inter-departmental committees, and of the committee in preparation for the dominion-provincial conference, these questions, which are of the utmost concern to all members, to all people in Canada and to our boys and girls in the armed forces, are receiving consideration every day of the week by about as able a group of servants any people or any government in the world can boast.

We can help them. Various parliamentary committees have been of enormous help, as have also the voluntary associations, committees and agencies of different kinds which have forwarded briefs. There are literally hundreds of plans for post-war reconstruction and development available. It will be the task of the new minister to coordinate all those activities and to draw them together in what I have described as the greatest combined operation—next to the war—in the history of the people of Canada. I am confident we can meet the challenge in a way which will justify the opportunities given to us by our being privileged to live in this great and glorious country.

Mr. A. J. BROOKS (Royal): Mr. Speaker, I followed with much interest the speech of the hon. member who has just taken his seat. I shall not discuss any of his arguments, but I was amused when at the outset of his speech he appeared to banter across the floor with members of the Cooperative Commonwealth Federation party. It has occurred to me that there might be considerable jealousy between the government and the C.C.F. We have always been told that the C.C.F. was the party of the left, and that they were travelling on the left side of the road. If we follow the legislation offered by the present government for some time past it seems to me the public might be justified in concluding that the government is jockeying with the C.C.F. for this particular position.

An hon. member who spoke a few days ago said that the Liberal party was following the middle of the road. As all hon. members know, that is a dangerous position. However, they may have been on the right side of the road at one time and crossed over to the middle. At the moment however they are

now crowding the ditch on the left side of the road, and if we can believe indications I am satisfied they will soon be in the ditch.

It is not my intention to analyse the bill at length. Opportunity will be afforded in committee, when the bill is considered section by section; so that I shall content myself with making a few remarks in respect of its general application.

I am sure all hon. members approve the government's action in setting up a Department of Reconstruction. It is a necessity; and any government in power at the present time would have had to follow a similar procedure. Not only is it a necessity in Canada, but in this war-torn world I am satisfied every country will have to set up departments of reconstruction, or take other steps to build up their worn-out industries.

A few days ago the Prime Minister (Mr Mackenzie King) said that he had no idea how long the war in Europe would last. He also said that when the war was over it would be necessary for us to operate against Japan. I believe that all hon. members will agree heartily with those statements. He pointed out, however, that reconstruction, because of its tremendous implications, could not be left until the close of the war. We know as a matter of fact that many men have already been demobilized in Canada. Those men must be rehabilitated in civil life, and we must also make our plans so that we can look after the men who are coming home, look after those who are engaged in the manufacture of munitions, and in general look after the problems of the country in years to come.

Some speakers have pointed out that the responsibility rests with all governing bodies, and with that statement I agree. Our federal government, our municipal governments, even governments of towns and villages, including all the individuals of which they are composed, are interested in matters of reconstruction, and all must bear their share of the responsibility.

As the last speaker (Mr. Claxton) said, we are fortunate in Canada in having great natural resources. No party, of course, can claim credit for those resources; they are our great, God-given heritage. But it is up to our government and to us as individuals to see that those resources are used to the very best advantage. We have great agricultural lands, extending from one end of Canada to the other, and capable of yielding abundant crops of all kinds. We have great mineral deposits in the far north capable of producing untold wealth. Our waters teem with fish, and we have more than three-quarters of a million square miles of productive forest lands. In addition to these we have harnessed much of our water-power for the production of electrical energy, and there is great potential capacity still unharnessed. Nature has indeed been more than kind to us, and if, as other hon. members have said, any country can formulate policies for reconstruction and the employment of its people, certainly that country should be Canada.

But it is not enough to possess these great resources. We shall benefit from them only as we learn to develop them directing what is necessary of the finished products to our own use, and trading the surplus in other parts of the world.

When he spoke the other day the Prime Minister said:

> We shall do well, I believe, to bear in mind that prosperity is indivisible. It is not something which one nation can have and enjoy by itself; it is something that has to be shared. We shall have to come to see that we are members one of another and that no nation liveth unto itself.

That is a statement with which all can agree; there can be no prosperity in the world unless every nation is prosperous. I believe one hon. member has said that in point of air travel we are within sixty hours of any other spot on the face of the earth. No doubt that time will be still further contracted as the aeroplane becomes faster and faster, and as time goes on. As no nation can be prosperous unless all other nations are prosperous, so in Canada no part can be prosperous unless every other section prospers. We can go farther and say that no industry can be prosperous unless other industries prosper, and that no city or town can prosper unless the people throughout the country and in the farming districts also prosper.

I believe I may be pardoned if in my brief observations this afternoon I refer to some of the problems facing the people in the maritime provinces. I would ask hon. members to consider some of our primary industries, and how a process of reconstruction may be applied to them. Let us first consider the fishing industry. Some of us live by the sea, and many of our people are engaged in that great industry, one which is widely diversified. In the maritime provinces we have over 2,000 miles of coast line, and there are many thousands of square miles in which fishing operations are conducted. Over thirty thousand fishermen are employed in the industry. They, with their families, constitute about one-sixth of the population in the maritime provinces.

We have many varieties of edible fish. I think it can be truthfully said that the finest fish anywhere in the world are caught in the waters in and around the three maritime

provinces. About seventy-nine per cent in value of the catch in those provinces is taken not by the offshore fishermen, as they are called, but by the inshore fishermen. That means they are caught by the individual fisherman, and it becomes the livelihood of the small man, or the man who goes out in his own boat and does his own fishing and does not depend upon trawlers or some other larger means of catching fish.

From 1923 to 1939 the fishing industry in those provinces was in a very poor condition. It was in a state of depression. The average earnings of a fisherman were estimated at that time to be $244 per year, not including operating expenses. The situation became so bad that, as hon. members will remember, one of the great daily papers of the maritime provinces, the Halifax *Herald,* decided to make an investigation. They sent one of the members of the press gallery here, Mrs. Tufts, to investigate the situation. I think that all hon. members are familiar with the excellent report that was made by Mrs. Tufts. In 1932 the price of fish to the fishermen was one cent per pound. I do not think any more need be said to call the attention of the house to the deplorable conditions affecting any group of men who would have to accept a price like that. In 1939 it had risen to one and three-quarter cents a pound.

The hon. member for Charlotte (Mr. Hill) said on Tuesday last that a floor had been put under the price of fish. That is true, but it was done by the price control board as a war measure. What I wish to emphasize to the house is that after the war in the reconstruction period a floor price must also be put under the price of fish if the fishing industry is to be maintained in those small provinces.

A number of other things were recommended by the fishermen of the maritime provinces in the brief which was submitted to the reconstruction committee. I wish to support in every way possible these recommendations. One of them was that freezing plants and cold storage plants be located at strategic points along the coasts of the different provinces. If that were done it would be of great benefit —and I might point out that it could well become a public utility. The fishermen have suffered in the past because of a lack of many facilities for catching, freezing and marketing of their fish. There is no reason why, in the days of reconstruction, this great body of our inhabitants should not receive the consideration which has been withheld from them so long.

There is also the matter of transportation. I am not going to deal with these points particularly, but I should like to bring them to the attention of the house. These fish are perishable, as everyone knows, and facilities for transporting them must be provided so that they may get to the different markets in good condition. I do not know whether it is feasible or not, but it seems to me that aeroplanes could be utilized for that purpose. We read of thousands of men being transported to France in great air liners. It is possible in the days to come that the fishing industry can be greatly helped by exporting fish from the maritime provinces by aeroplane to the different markets in Canada. It may also be possible to do it by glider plane, in order that the people of the central provinces and other parts of Canada may have the benefit of the fresh fish of the maritimes.

One of the other great resources of our country is our forests. More than ninety per cent of the forest areas are owned by the crown. By that I do not mean to say they are owned by the Dominion of Canada, but they are owned in the right of the provinces and the dominion. This great asset has been greatly neglected in the past. When I came back from overseas after the last war someone pointed out to me the terrible waste in the forests of our land. I also had the opportunity, as did most men who were overseas, of visiting the forests of England and France, and of making a comparison between the care given them in Europe and in Canada. The lack of care that we have given them in Canada is something that would, I am sure, appal hon. gentlemen. I have walked through the forests in England and in France. You would not find in those forests a small piece of wood the size of your finger. Everything is conserved and gathered up. Underbrush is cleared away. The forests are protected in every way. In this country we have been most neglectful. It is still true that for every hundred thousand feet of timber cut an additional forty thousand feet is lost through fire. Insects and disease destroy another large portion. There has been and still is waste everywhere in the forests of this country. In the past—this has been debated before in this house, but since it is so important I see no harm in again calling attention to it—the dominion parliament has not taken a vital interest in the matter. It has not realized the great asset we have in the forests of the country. I contend that in the reconstruction period no finer work could be done by the reconstruction department now being set up than the conservation, protection and care of the great forests of Canada.

In my own province we depend largely on the forests. Over eighty per cent of the twenty-eight thousand square miles of New

Brunswick is still unsettled. It is made up of forest and woodlands to a great extent. For the year 1943 the estimated value of the forest products of New Brunswick totalled $56,000,000. This figure included the value of 300,000,000 board feet of sawn lumber; 823,000 cords of pulpwood used in the six pulp and paper mills in the province; 464,000 cords sold outside, and nearly a million cords of firewood—a product of great importance in the present national fuel emergency. Therefore everyone can see what a valuable asset the forests are not only to Canada, but to the small provinces, and to New Brunswick in particular.

I have read the report of the subcommittee on agricultural policy. I do not intend this afternoon to make any extended remarks with regard to it, but I agree in large measure with all the recommendations that have been made. I suggest that when the department is set up the recommendations of the committee on agricultural policy be implemented.

In New Brunswick we are interested not only in fishing and forestry as primary industries. Agriculture is a great industry. Any one who has visited New Brunswick and has gone down the Saint John river must have realized that it is one of the finest farming districts of Canada. He would also find the same splendid farms up the Kennebecasis river, over through the Annapolis valley, and in other parts of Nova Scotia and in practically all of Prince Edward Island. Close attention must be paid by the reconstruction committee to the position of the farmers in the three maritime provinces. To-day our farms can produce. During the war we have produced, with a limited number of men to work on the farms, far more agricultural products than we did in pre-war days. To give hon. gentlemen an idea of our production, in 1942 and 1943 we had the largest crops in the history of the province; and they were produced, I would point out, with many thousands of our young men overseas, with worn-out machinery, and with the people at home having to work very long hours. Our production of butter was 7,000,000 pounds in 1942, an increase of forty per cent; and I am very proud to say that in my home town of Sussex there is a butter factory which produced more butter in one month in 1943 than any other butter factory in the whole Dominion of Canada. But we have our handicaps and they constitute one of the problems which must be considered by the reconstruction committee.

One of the handicaps of the farmers of the maritime provinces has been high freight rates, and another the lack of markets. The question of freight rates has been discussed in this house on a good many occasions, and it would not be fair for me to take up time in dealing with it now. But it is a question that should engage the attention of the reconstruction committee, because high freight rates have a detrimental effect upon the provinces down by the sea. The cost of feed, for instance in New Brunswick is much higher than it is in Ontario, Quebec and the western provinces, with the result that the farmers of the maritimes who wish to raise hogs start under a severe handicap and it is impossible for them to compete in the bacon market in England with farmers from other parts. The same thing applies to fertilizer, which all farmers now use. We in the maritime provinces pay about one dollar per ton more for certain types of fertilizer than do the farmers in Quebec and other provinces. These are conditions, Mr. Speaker, which I contend must be corrected if we are to have the people in all parts of this dominion treated in the same manner, as I feel it is only just and right they should be treated.

Speaking of transportation, I do not think it is out of the way to bring to the attention of the house a transportation project which is not new so far as New Brunswick and Nova Scotia are concerned, and not new so far as the federal government is concerned. I refer to the Chignecto canal. The construction of a canal between New Brunswick and Nova Scotia was first thought of nearly three hundred years ago, when the French government was in control of Acadia, as it was then called; the French governor in 1686 recommended it to the French government as an undertaking which should be carried out at that time. He said that the Northumberland strait should be connected up with the bay of Fundy. Representations have been repeatedly made over a long period of years to the federal government that this canal should be constructed, because, it was pointed out, it would be of great benefit to the people in that part of the dominion. But in spite of the fact that, not millions, but hundreds of millions of dollars have been spent on the building of canals in other parts of this dominion, we have never been able to get what I believe to be this very necessary Chignecto canal, which would be a tremendous asset to us in that part of the country.

To show some of the advantages there would be in constructing this canal, I point out that the distance between Charlottetown and Saint John over the route that we have to travel at the present time is 488 miles; if the Chignecto canal were cut, the distance would be 144

miles. From Dalhousie to Saint John is now 720 miles; via the Chignecto canal it would 360 miles. From Pictou to Saint John is now 480 miles; via the Chignecto canal it would be 170 miles. From Montreal to Saint John is now 1,379 miles; via the Chignecto canal it would be 1,104 miles. From Montreal to Windsor, Nova Scotia, is now 1,250 miles; via the Chignecto canal it would be 820 miles. From Montreal to Hillsborough, New Brunswick, is now 1,235 miles; via the Chignecto canal it would be 760 miles. The saving in mileage and in the cost of transportation between the centres of upper Canada and the maritimes would be very great. The construction of this canal would be of benefit not only to our primary producers in the maritime provinces but also in reducing the cost of goods that we have to purchase from other parts of Canada. Besides, in these times when we are speaking of public works that must be carried on in order to provide employment when our men come back from overseas, I would point out that no public work could be carried on which would be of more benefit to the people of the maritime provinces and give better employment to the returned men than this construction. It would help all the industries of the maritime provinces. It would help our fishing industry; it would help our farmers and our manufacturers, and be of benefit to the people generally.

There is not much that I can say, Mr. Speaker, about the industries of the maritime provinces, because we have so very few of them. We have suffered much from a lack of industries in the past.

Mr. GRAYDON: You should have more industries.

Mr. BROOKS: We have heard that for a long time. It is true that we should have more, and I believe that we will have more. Some seventy-five years ago we did have good industries in the maritime provinces, industries in nearly every city and town, but then the tendency towards centralization began and our industries were moved to Montreal, Toronto, Hamilton and other large centres in the central provinces. When I spoke in the house in the month of March last I pointed out what a detrimental effect this moving away of our industries has had on the economic position of Nova Scotia, New Brunswick and Prince Edward Island. It meant the draining away of our people in the maritime provinces. There are more people to-day in the New England states who are descendants of people in the maritime provinces than there are in our own province. Why? Because we have not large industries in the maritime provinces to keep them there. And so, Mr. Speaker, when this new department is functioning I trust that it will consider well the decentralization of industry and take steps to provide more industries for the small provinces down by the sea.

We are told that one reason we have not more industries in the maritime provinces is that we have not electric power. That possibly has been true during this war. But no great effort has been made by the dominion government to provide electric power for the maritimes. The project is now being mooted—I am not an engineer and cannot speak as to its feasibility—of the development of the Petitcodiac river in Westmorland county in New Brunswick. From what I have heard I should think it is a practicable proposition. If the Petitcodiac river were developed it would mean the electrification of the farms of practically all Prince Edward Island. It would mean the electrification of farms and industry in the southern part of New Brunswick. It would mean electrification and the providing of power to industry in other sections of Nova Scotia. This, I contend, must commend itself very seriously to any government or department which is set up to deal with reconstruction.

Perhaps it has taken this great war to awaken Canadians to the responsibility which one section of the country has to another. We in the maritimes have entertained thousands of young men from all parts of Canada. Men from western Canada have been amazed at the beauty of our scenery, the fertility of our soil, and the great potentialities which our section of Canada possesses. I believe that with the information they have obtained, when the war is over our requirements will receive more sympathetic attention than they have had in the past. What is true of the men coming from the west is true also of the regiments who have gone from the east to western Canada; they are getting an idea of the problems which face western people. I believe that this increase and exchange of knowledge will have splendid results; it will lead to better understanding and a more united Canada.

I notice that section 6, which defines the powers of the minister, states:

> The minister, to enable him to perform the duties imposed upon him by this act, may:
> (c) consult with representatives of primary producers, industry, science and labour upon any question connected with reconstruction.

That is all to the good. He also has the power to—

> (d) establish committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this act.

I trust that on these committees and boards all sections of this country, all political parties and various forms of industry will be represented. The problem is so big that every section, every view, every opinion should be well canvassed and considered, so that no part of the country shall be left unrepresented and all parts shall receive the attention to which they are entitled.

Mr. A. G. SLAGHT (Parry Sound): This is a bill which no hon. member can afford to oppose. It is an effort to set up now a department of reconstruction in order that when we pass from war to peace—which we all hope will be soon, and which, on the deliverance of the Prime Minister of Great Britain not long ago, we have good reason to hope may not be long deferred—the problems which may then arise will find us prepared.

Before I deal with two or three phases of the matter I wish to recall some of the statements made by the Prime Minister (Mr. Mackenzie King) in introducing this bill, two days ago. He pointed out that the new department will be primarily concerned with economic reconstruction, and with that observation I fully agree. The reform of our economic policy, in my view, stands at the threshold of all our future efforts for reconstruction. He also indicated that almost every department of government will have some special work to do. That also is very true. But you can forget the efforts of the other departments of government if you do not provide them, through the finance department, with the necessary means to carry out a policy of reconstruction.

The Prime Minister intimated that the new minister's duties will be carried out in co-operation with his colleagues of other government departments, and I suggest to the house that the first and second and third steps to seek cooperation in his plans will be from the finance department.

We have been told that an advisory committee on economic policy, under Mr. W. C. Clark, have been studying this problem since January 23, 1941; and the Prime Minister told us also:

> There have been discussions on economic matters.

I quote him exactly, from *Hansard,* page 3986:

> I cannot say how successful they may be.

He further told the house, as reported on page 3988:

> I do not think my hon. friend need fear about the increase of the public debt or taxation to accomplish these things. . . . I believe the nation can go ahead with the great work of construction and reconstruction and at the same time reduce its taxation and reduce its debt.

That is bold and hopeful and optimistic language, and I desire to endorse that hopeful prediction of the future. I do not think I can give my viewpoint as to how it shall be done better than to quote his own language, as reported in *Hansard* in 1933, reiterated in 1934, when he said, with regard to the necessary economic policy of this country, as reported in *Hansard* of that year at page 4365:

> Once a nation parts with the control of its currency and credit it matters not who makes the nation's laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of parliament and of democracy is idle and futile.

In 1933, the Prime Minister, as reported in *Hansard* of that year at page 2511, uttered this great policy, enunciated on behalf of the Liberal party who constitute the government of to-day:

> The Liberal party believes that credit is a public matter, not of interest to bankers only, but of direct concern to the average citizen. It stands for the immediate establishment of a properly constituted national central bank to perform the functions of rediscount, and the control of currency issue, considered in terms of public need. A central bank is necessary to determine the supply of currency in relation to the domestic, social and industrial requirements of the Canadian people and also to deal with the problems of international commerce and exchange.

I desire to direct special attention to these words:

> . . . a properly constituted national central bank to perform the functions of rediscount, and the control of currency issue, considered in terms of public need.
>
> Note "in terms of public need", not possible private gain.

I am compelled to believe that that splendid enunciation of policy has been carried out in part, but in part only. We have since then established a wholly owned national bank, the Bank of Canada. But I ask the members of this house whether we have taken steps to see that the control of currency, and the issue of currency, has been made on the credit of the nation in accordance with public need, or whether, on the contrary, it passed over into private hands, the hands of the chartered or private bankers of the country.

Let me make this suggestion, and I make my suggestions in a desire to be helpful to the Prime Minister and to the government and to lay before parliament what I believe to be the duty of this parliament at this session, here

and now, and not to be left to the hands of a minister of reconstruction and his staff one or two years from now, no matter how eminent or industrious he may be. The minister under this bill has not a chance in the world to carry out the high purpose of the Prime Minister unless we in this parliament give him, at this session in this parliament and not at some time in the dim, distant future, the economic power to do so. I wish to make some suggestions which I regard as essential if this bill is truly to serve the Canadian people. The chart to be followed has been laid down in the language I have read to the house, but if we have put it into effect only in part, now is the time to round it out, to complete it at this session of parliament, in order that the relief we all desire the people to have may become an accomplished fact.

I have very strong views, Mr. Speaker, which I have not attempted to secrete, with regard to the subject of taxation and public borrowing, which the Prime Minister has placed before the house as one of the objectives to be accomplished by this new department. Let me say that our first consideration must never be lost sight of in this parliament. There must be no slackening in our war effort. There must be no legislation, no economic policy laid down which could in the slightest way prevent our country from seeing to it that our army and our allies have Canada at their back 100 per cent, to the fullest possible degree in the prosecution of this war, until unconditional surrender is forced upon our enemies. But having full regard to that, sir, we can and should look forward now, with quickening vision, because that is what this bill purports to do, to the reduction of taxation particularly as it affects the farmer, the lumberman, the settler, the fisherman, the industrial workers and those who through no fault of their own have the most difficulty in the struggle for existence. Let me give the house some details of the specific relief which I advocate putting into effect now, and which I have pressed upon the government, and desire in the most friendly way to continue to press upon the government and upon parliament, upon every member of this house.

It is time to sink some political differences and lend ourselves to this grave and difficult problem of reconstruction. That is what this bill lays the foundation, or purports to lay the foundation, to do. I suggest to you, Mr. Speaker, and to my fellow members that this parliament should reduce at once the taxation on unmarried men and women in the lowest brackets by raising the exemption from $660 a year to $1,200 a year, so that no man or woman who earns less than $100 a month should pay any income tax at all. They will continue to pay the sales tax; they will continue to pay the amusement tax; they will continue to pay a multiplicity of other indirect taxes on everything they eat and buy and wear and attempt to put into their houses. That will mean a los of revenue, through personal income tax, of $32 million and no more, but it will bring relief to 300,000 Canadian men and women. Second, I suggest that it is the duty of parliament to increase the exemptions for married people from the present $1,200 a year to $1,800 a year, so that no married person shall be called upon to pay income tax at all unless they receive at least $150 a month. That will mean a relief, on the basis of last year's collections, to 650,000 people, and it will create a loss of revenue to the treasury of only $55 million.

The result of these two changes will be to free altogether from income tax 950,000 Canadians who are least able to pay, whose struggle to make ends meet is the most difficult, and most of whose taxes are taken from them, before they ever reach their pockets, by their employers under the rigid method now in vogue known as deduction at the source. The total loss in revenue by giving a breathing spell to 950,000 of our people is therefore only $87 million out of a total revenue, taxed and borrowed, of five and a half billion dollars to be spent this year by a country of eleven and a half million people.

It is my belief that in times of heavy taxation those best able to pay should be called upon before we hit those least able to pay, and through no fault of their own. I further contend that we should reduce the present rate of personal income tax on everybody's taxes by a reduction of twenty-five per cent, or one quarter of the present personal income tax. By so doing we would incur a further loss in revenue of $220 million, being one quarter of the present total taxes collected from personal income last year. I go farther and insist, so far as my voice can insist, that the excess profits tax, which is paralyzing the small business man and which is going far to strangle all business in Canada, should be reduced at once by twenty-five percent, and that in the first year after the war a further reduction of another twenty-five per cent at least should be made. That means a further loss in revenue of $137,500,000. Those versed in arithmetic who may have followed me will find that I have indicated a policy which will mean a total loss of revenue, from the four items I have described, of $434,500,000, and you, Mr. Speaker, may very properly ask, "How shall we make that up if we do give our

anything about money, but I do know that the municipalities in British Columbia cannot possibly take their proper share in the reconstruction programme unless they get assistance from the federal treasury.

Another thing in which I do not agree with the Prime Minister is that he has not much fear, as I understood him the other day, of the immediate six months following the peace. Personally I think that the first six months following the peace are going to present a very serious problem. Possibly I am looking at it from the soldier's point of view. I do not think you are going to be able to keep the men in the army after the war. The men will look after that themselves. The desire of every soldier will be to get home as quickly as he can and to get out of uniform, with the possible exception of the air force. These men are going to be thrown on to the labour market immediately after peace is declared. They will have a certain amount of deferred pay, which was an excellent idea on the part of the department, and a certain amount of savings. But I hope that every young soldier coming back from the war will not make the same mistake that I made and that the Prime Minister and the Minister of Pensions and National Health (Mr. Mackenzie) made. I waited twenty years after the war before I got married. I hope these young soldiers will get married immediately, but I do not know how far their savings will carry them if they get married unless we have concrete plans ready for their employment when they return. So far as I know, no concrete plans have been made by the government and no blue-prints prepared to put these men to work immediately after peace is declared. If peace were declared next week, the federal government, so far as I know, has no plans complete as yet to put these men and women immediately to work. We have had a wonderful reconstruction committee which has studied and submitted various plans.

I will tell you how we do it in British Columbia. The government of the day in British Columbia set up a committee, not of the government, but of the legislature, and that committee toured every little district in the province and got ideas from the Canadian Legion, from boards of trade, women's institutes, municipalities, and every other organization they could think of, as well as from individuals. I want to tell you that I am proud of the fact that I come from the province of British Columbia because within one week after peace is declared the British Columbia government can call for contracts for $10,000,000 worth of constructive work. That is a wonderful record. I want hon. gentlemen to mark that. I do not know how it is in the other provinces, and I am not criticizing them. So far as I know the federal government has no plans ready with which they can proceed to put men to work immediately after peace is declared. They have suggested various ideas—public buildings, waterways, railway expansion, and so on. But I repeat that British Columbia, through its Department of Public Works and other departments, has blueprints already prepared and estimates already made so that within one week after peace is declared they can call for tenders of $10,000,000 of constructive work. I think that that is the attitude which the federal government should adopt. I may be wrong; the federal government may have its plans ready, but if they are ready, this house has never been told about any concrete plans.

There is another matter. But first I had better continue with the Prime Minister, because there are some other things on which I do not agree with him, and if you are going to disagree I think it is a good idea to disagree from the top down, starting with your leader. I am not going to speak in a sobbing voice and then stab him in the back unless I decide to move across the floor on the same day.

One thing in which I am particularly interested so far as the soldiers are concerned is farming. I should like to quote what was said by the chairman of the reconstruction committee, the man who I think is most intimately connected with the reconstruction programme next to the Prime Minister himself. We are very glad that he comes from British Columbia. He and his committee have done an excellent job, and I am sorry that the chairman is not here to-day. He happens to be in hospital, and I know that I speak for every member when I wish him a speedy recovery. I quote in part what he said with respect to food at page 3994 of *Hansard* of June 20 of this year:

> In this respect we welcome the conclusion arising from the united nations food conference that never again—

I repeat that.

> —that never again will food be destroyed simply because people have not enough money to buy it.

That is from the chairman of the reconstruction committee. I point that out because I want to speak of it in connection with the Veterans' Land Act. Coming from the chairman of the committee it may be presumed that he was speaking for the government. What notice are we giving to the boys overseas with respect to this matter at the present time? Are we telling them that we in this parliament are not going to permit the

destruction of food in this country? Hon. members will recall that the great president of the country to the south made probably the only mistake he has ever made in his leadership when he allowed brood sows to be destroyed. Brazil also destroyed coffee. Here we state through the chairman of the reconstruction committee that never again will food be destroyed simply for lack of money. Actually what do we find in Canada to-day? We in parliament are not supreme. What is going on in Manitoba? I quote this from the Winnipeg *Tribune*: "Growers plough under Manitoba Strawberries." I quote this because the soldiers of Manitoba will scarcely think us sincere in our plans for reconstruction, particularly as regards agriculture, when they see that we permit a few bureaucrats to allow this sort of thing to go on. There is a picture in this same paper of strawberries being ploughed under by a tractor, and under the picture is this:

Goodbye, Strawberries: Strawberry growers near Winnipeg are ploughing under their strawberries, as Aleida Daman, 18, daughter of Peter Daman, St. Vital grower, is doing in this picture. The prices board set too low a ceiling for berries, they say, and growers see no sense in paying labour $4.50 a day to keep the bushes in shape.

That must be an extensive piece of ground to have a tractor ploughing under this food. This paper is going to the soldiers of Manitoba who are over there in Italy and on the shores of France. Yet at the same time we are telling them we shall never let the lack of money cause the destruction of food. It will take more explanation from the government than I have heard yet to convince the boys over there that that policy is being carried out when they see food being destroyed in this way.

The reason I refer to this matter particularly is that in British Columbia we have some 750 Japanese farms which were all producing berry farms before we seized them—no, we did not seize them; we were too generous; we bought them out. We are holding these farms for soldiers when they come back. What will our soldiers in Italy or on the shores of France think of our Veterans' Land Act when in British Columbia out of 171 farms 121 have been allowed to go to wrack and ruin, and the people on the remainder are producing at a loss to-day simply because of the dictates of the almighty dollar, orthodox finance and the war prices board?

We estimate that we have over 300,000 acres of land now surveyed and available, and on which soil analyses have been taken. The provincial government are prepared to grant

a million acres of land to the men who are coming back. But all we are going to allow a man who wants to go on the land is $4,800 to buy a farm and $1,200 for the purchase of stock to equip that farm. I took the trouble to inquire of every organization in the riding which I represent, and they agree without exception that the figure is, to say the least, conservative. It will cost at least $175 an acre to purchase land; the average tax amounts to $4 an acre; yet we expect a man to settle on a farm, raise a family, clothe and educate them, with no more capital than $4,800 for his land and $1,200 for his stock and equipment. I know that many hon. members are not farmers, but there is no need to be a farmer to know that you cannot possibly buy enough stock and equipment for $1,200 to run a farm, repay the capital, pay taxes, feed and clothe a family. It simply cannot be done; yet that is what we are holding out to these returning soldiers under the Veterans' Land Act. Go to any soldier organization that I know of, and the first thing you will find them discussing is this particular bill, which they regard as almost entirely unsatisfactory and inappropriate to the needs of the present day and age. Yet we send literature to the soldiers telling them how much we are going to do for them.

I disagree with an hon. member from one of the Montreal ridings who expressed the opinion yesterday that there is not much hope of placing many of our returning veterans on the land. Land has always been and always will be a safeguard in our economy. I believe there is a tremendous opportunity to put men back on the land. We cannot continue all these factories, no matter what they desire to manufacture; but we can produce in the vast expanses of Canada to an unlimited extent if agriculture is given parity prices. I admit that I might find it difficult to give a correct definition of that term, but I believe that parity prices must be provided for in legislation as applicable to farm products. Every bit of legislation the government has brought forward—and we are proud of what has been done—affects the farmer. He is absolutely dependent upon what the floor price is; and if the floor price is to be set, not by members of parliament representing all parts of Canada and all the political parties, but by some economist in the Bank of Canada or a small town lawyer on some of these boards, you are not going to get real parity prices, I can assure you of that.

The original definition of parity prices is to be found in the United States Agricultural Adjustment Act of 1933, the object of which was " to establish prices to farmers at a level

that would give agricultural commodities purchasing power with respect to articles farmers buy equivalent to the purchasing power of agricultural commodities in the base period." That is not in effect in Canada to-day. Anyone familiar with agriculture knows that it is not in effect. Of course agriculture is on a sounder basis than it was in previous years. With the general prosperity enjoyed in Canada at the present time it is bound to be, but what the farmer fears more than anything else is that there will be a collapse of these prices. We have the assurance in the speech from the throne that floor prices will be set, but what I am particularly interested in is, who is going to set them? If it is we in parliament who are to set them, I shall not be worried so much, but if they are to be set by a board with no knowledge of conditions across Canada, and particularly of local conditions, it is a totally different matter. It has been demonstrated in the past as far as the agricultural policy of the government is concerned that agricultural conditions all over the country are taken into consideration, and rightly so. For years other parts of Canada carried Saskatchewan and other provinces during their misfortunes, and no one objected to that. But this illustrates the fact that conditions vary across Canada and that they must be taken into consideration in setting floor prices. In many cases in the past that has not been done. I again insist that I do not care what kind of veterans' land act is brought in or what amendments are made; it is absolutely impossible for the veterans to go on these farms unless they are guaranteed a reasonable and fair price for the commodities they produce.

In connection with the farm problem I wish briefly to revert to the subject of money. Speaking in the house on June 20, the Prime Minister is reported in *Hansard,* page 3986, as saying in part:

> Later, as forecast in the speech from the throne, there will be some tax modifications to encourage industrial conversion, and also there will be an expansion of research.

I have no particular quarrel with this proposal. If industries are not allowed to build up again, are not permitted to prepare to convert their plants to peace-time activities, we cannot put men back to work. But I do want to insist that agriculture must have exactly the same treatment. For years farmers had to do without new equipment, not only because it was not available, but because in any event they did not have the money with which to buy it. Even in the last prosperous two or three years what money they did have has been used to pay off debt, not to buy new equipment. Therefore the farmer is entitled to exactly the same consideration in any adjustments respecting income tax.

I hope that the budget is not quite completed. I happen to have my office on the fifth floor, and as the Minister of Finance (Mr. Ilsley) is located on the same floor, there is a continuous stream going and coming. I wish they would come in to me for advice in preparing the budget. I was quite flattered about something which happened yesterday. My office is in about the centre of the block. One of the most popular and esteemed members of the cabinet has his office on the fourth floor immediately below mine. Inadvertently yesterday he opened the door of my office and walked in, and he said, "Goodness, I must have opened the wrong door." I said, "No, it is all right." I will not tell you his name; it begins with a C. Coming events cast their shadows before; it may be that he came in to look over my office before I move down to his. Seriously, I hope the Prime Minister takes into consideration this important fact that agriculture is just as much entitled as any other industry to money for reconversion. The farmer is in the same position as the industrialist. He needs new binders, new tractors, other new equipment, and he should have the same consideration in so far as income tax is concerned.

There is one thing to which, I think, not enough attention has been paid. I want to congratulate the leader of the opposition (Mr. Graydon), who made, I thought, an excellent address yesterday. Particularly I would like to compliment the hon. member for York South (Mr. Noseworthy), who, I believe, is the only member who in the course of this discussion has touched on education, although it is a factor in reconstruction which affects the entire dominion and one in which, I think, we all should be interested. His speech last evening was very fair and very constructive. It is not often, possibly, that I can say that. I wish I could say the same for the leader of his party, who goes around and makes strange statements, probably for vote-catching purposes, about what he thinks the soldiers want. If anybody stops to think, he will know that what the expression "the Canada he left" means is that the soldier wants to get back to the Canada he left, to peace-loving Canada, and particularly, his mother's cooking. The speech of the hon. member for York South, however, was helpful, and I congratulate him, and also the hon. member for Cape Breton South (Mr. Gillis), who is always interesting.

I do not want to take any more time, except to impress upon the government that we in

British Columbia will not be satisfied with a dollars and cents approach to this matter. After the announcement made by the Prime Minister to-day I do not know how any member of this house or anybody else in Canada can think in terms of dollars and cents about what is to be given as a matter of right to Canadian men and women coming back from the war. Money must never be allowed to stand in the way of what we are going to do for those men and women, and I urge upon the government that representation of the soldiers and of the women serving in the forces should be considered in the setting up of these boards under the reconstruction department—above all, the women. Little has been said about the way in which we are going to deal with the women coming back to civilian life from the army and from war industry. That will be one of the greatest problems we shall have to tackle. Money will not always provide the solution so far as the women are concerned. With money you can always find work for men, but you cannot always find suitable work for women, no matter how much money you may have. I suggest therefore that the government would be well advised in the setting up of these boards to consider the representation of the women in the armed services. The government might take representatives from the women's institutes and from those serving in the armed forces, as well as representatives who will look after the interests of the men in the army.

I am a party member, but I say that if the government sincerely wishes this department to be a success, politics in any form must be kept out of it. If anything is to be kept out of the department it is politics. Irrespective of party we should initiate a programme that has been planned for the good of all and not for the advantage of the few.

Mr. HUGHES CLEAVER (Halton): Before addressing a few remarks to the points I intended to cover in this debate, I hope my hon. friend who just preceded me (Mr. Cruickshank) will not take offence if I attempt to give him the other side of the story in regard to the Veterans' Land Act. I wish to suggest seriously to him that he should add up the over-all benefits which the new Veterans' Land Act proposes to give to the returned man who might wish to go farming. If he does so, perhaps he will revise his views in this connection. If he will add up all the benefits, he will find that the dominion government is making a cash grant substantially close to $3,000 to every Canadian veteran who wants to go farming under the Veterans' Land Act.

Before discussing that, I might add that any boy who will make a good farmer will in my opinion be entirely successful if he starts with $3,000 cash assistance and when the balance of his liability carries interest at a rate of only 3½ per cent. In adding up these benefits we find the veterans' initial responsibility is to pay $480 down in cash. The government, on the other hand, makes a cash contribution of $2,320 of the purchase price, $1,120 on account of the farm and $1,200 for implements, in addition to supplying the finances. That is made up in this way. As regards stock and implements, if the farmer is successful he pays nothing for the stock and implements; that is $1,200 of the amount I have referred to. The criticism is that $1,200 is not an adequate amount to equip a farm with stock and implements. Well, I suggest that it was never the intention that $1,200 should fully equip a farm with stock and implements. The intention, as I understood it, was that it would supply a suitable foundation stock; it would supply the initial bare needs for implements, and the farmer would go on from there. In addition to these amounts, it is well recognized that farm income does not come in monthly, and so provision has been made, for the first year, for monthly payments where necessary to the farmer to maintain him. The single man will receive something like $44 a month and the married man $68, while the married man with children will receive additional allowances for the children. Adding all these benefits together, we have a total of at least $3,000 for one man if he wants to go farming, and I repeat that many farmers in this country, reasonably prosperous, think they do very well by their sons in setting them up in farming if they make a contribution anything like that.

There may be some reason for criticism on the score that the benefits that accrue with respect to a farm costing not more than $4,800 are not adequate. Another clause in the act, which is quite elastic, provides that if a farmer wishes to buy a farm in excess of that amount he is permitted to do so but he must finance the balance himself.

I am coming to the one and only criticism I have—and I would not dream of criticizing such an act without offering what in my opinion is a helpful suggestion. I think that in some parts of the country farms are at such a price that $4,800 would not buy a good up-to-date productive farm. In that event I think the amount should be increased, but I would correspondingly increase the mortgage

liability at 3½ per cent which the veteran assumes. With that one minor amendment, I think the act would work well, and that is the only complaint I have received from veterans' associations in my riding with respect to the act.

In rising to take part in this debate on the second reading of the bill to provide for the setting up of a department charged with the sole responsibility of post-war reconstruction, I do so simply to emphasize one problem which I think we shall be facing in the post-war period, and one which I think should be given a No. 1 priority. The general field has been ably covered and I do not intend to spend much time in that regard. While I agree that Canada's post-war prosperity is in part dependent upon the extent to which we are able to assist in achieving world-wide recovery, and while I agree that Canada must assume her full responsibility in that regard, and fully realize that in so far as we do have world-wide recovery Canada as a trading nation will participate in the benefits which flow therefrom, yet I feel just as strongly that living conditions in Canada also depend upon the way in which we treat our own local domestic problems. If our national income, whether large or small, is equitably distributed among the different classes of the population, then we shall achieve a proper distribution of goods. I do not think that happened during the depression, but I will not take time now to discuss the causes.

To be permanently prosperous I believe the country must maintain a standard of living on a par with its ability to produce goods. I think that is axiomatic, but there is just one "if," namely, if a country produces goods in excess of its own needs, in order to maintain this high standard of living I am talking about markets must be found for the excess.

As to the production surplus over and above our own consumption needs, which amounts in round figures to one-third of our total production, we should of course exchange that surplus for goods of other countries which we can use. If by foreign trade we are able to do this, we achieve our maximum prosperity. If we cannot do this by foreign trade, I suggest that under the best of management we would only reach two-thirds of our maximum prosperity. If we do not take the necessary steps to dispose of that unexportable surplus and to prevent the endless distress which follows, such as falling prices and the like, we can get into a lot of trouble. Therefore I suggest, Mr. Speaker, that until world recovery takes place to the point where we shall be able to dispose of the exportable surplus we have three options. We can either give that exportable surplus away to needy nations; we can stop producing it, or we can store it up at fixed prices hoping to be able to sell it in the future. I do not know of any better illustration of what I am talking about than our exportable surplus of wheat.

The problem I have just outlined is one that should be studied very carefully in this country. On the one hand I do not think that we should accept the defeatist attitude and say that we have to wait until general world recovery comes about; nor on the other hand do I think we should fail to assume our responsibilities in the matter of helping to assist general world recovery. As I said a moment ago, I am not going to discuss to-day the general problem but there is one concrete matter that I should like to bring to the attention of the government and of the hon. members of this house. It is a post-war problem which I think will merit a No. 1 priority. We have an acute shortage of houses in this country. Estimates differ, but reliable sources agree that when this war is over we shall have a shortage of over three hundred thousand houses. It is only right and proper that in time of war, with its consequent shortage of labour and materials, we should try to get along with the housing accommodation we have. We have struggled to do that, Mr. Speaker. By rental controls and the like we have done our best to get by the present emergency without any needless expenditure of either labour or materials on the building of houses. While we have been quite correct in postponing house building to meet the needs of war yet in the long run I suggest it is going to turn out to our advantage, because during the immediate post-war period this postponed consumer demand for houses will have to be met, and it will put thousands of men to work.

At the moment we can reasonably hope that the end of the war is not in the too far distant future, and I think we should immediately complete plans for post-war house building. I should like to urge that pilot or key organizations be set up now, which can be quickly expanded when the war is over, to support, and direct house building schemes. In adopting this plan of postponing the supplying of our housing needs until the war is over we have of necessity caused some real distress. To-day many people are living under almost unbearable housing conditions. To some extent this has been the cause of increasing crime, ill-health and the like. In addition to those who are in actual distress, thousands of families are daily living under the threat that their houses will be sold over their heads and they will have to move, not knowing where they will go. People cheerfully and willingly

endure that sort of thing during war time. But I suggest to you, Mr. Speaker, that the minute this war is over the Canadian people will demand—they have a right to demand—that their proper housing needs be met.

In addition to the acute housing problem which exists at the present time, when thousands of our service men return they will marry and want homes of their own. In addition to giving the housing problem the rating which I believe it deserves, namely, No. 1 priority, I should like to urge that the government sponsor a campaign for every man to own his own home. I do not know of any better time to start than now, when we have such an acute shortage. I should like to urge that credit facilities be made available for this need on a sound business basis. The advantages of home ownership and the disadvantages of tenant occupancy are so apparent that I do not need to labour the point. In these days we hear many discussions of the relative merits of our capitalistic system and socialism. So far as I am concerned the major complaint that I have in regard to the capitalistic system is that we have too few capitalists. I would urge that every man in this country own his own home; every man should become a capitalist. This proposal is not a dream impossible of fulfilment. It is a scheme which if undertaken as a national programme could be quite easily attained in a very short time. To-day many men have to pay rent for their housing accommodation. Is there any man in this country who would not rather pay the same monthly payments on a house which he will eventually own?

Let me say something as to the down payment. We all know that practically everyone in this country is accumulating savings which I suggest in most instances will be sufficient to take care of the ten per cent down payment at the end of the war. To those who have not been able to acquire the compulsory saving as a down payment I suggest that the new amendment to the Bank Act will meet their difficulties. The banks are going to enter actively the field of small loans repayable on a monthly basis at a reasonable rate of interest. A man desiring to own his own home would be able to acquire his down payment from that source.

In the National Housing Act we have a well-tried instrument at hand. We do not need to create anything new to get on with this programme. Do hon. members know that since 1937, under the National Housing Act, we have built something over 25,000 houses? They are practically all owner-occupied; and while the government has participated to the extent of a twenty-five per cent contribution toward the cost of those houses, the act was so well thought out and has been so efficiently managed that our losses to date on the 25,000 houses are less than $5,000, or twenty cents per house. I suggest that the present act should be used for this purpose—with some amendments, or streamlined if you like—in order to bring those advantages within the reach of every working man in the country.

My first suggestion is in regard to interest rates. Interest rates should be reduced to 4½ per cent, and to 4 per cent if possible. As all hon. members know, money is now available in the Dominion of Canada—that is long-term borrowing—at 3 per cent, or less. Let us take the government's contribution of 25 per cent, and figure it on a 3 per cent basis. Let us allow the loan companies 5 per cent on their 75 per cent loan content, and we have a resulting interest rate of 4½ per cent.

I suggest if we are to adopt a large building programme the lending institutions of the country may not have sufficient money to finance it on that basis, and that perhaps the government should enter the field on a 50 per cent basis with 3 per cent money. In this event, allowing the loan companies 5 per cent on their 50 per cent content, the interest rate would automatically fall to 4 per cent. With the interest rate at 4½ per cent—and the Minister of Finance has announced in advance that that is what is going to happen—the monthly payments for these houses, under which a man actually acquires eventual ownership, are to-day less than the normal rental for houses of that type. With a possibility of a further one-half per cent reduction, one can see what the effect would be in connection with monthly payments.

Coming to the second recommendation, in connection with the repayment of loans, I know something about these houses built under the National Housing Act. They are well-built. I say without fear of successful contradiction that homes built under the National Housing Act standards have a useful owner-occupancy lifetime of at least forty years. I therefore suggest and urge that the amortization period should be increased from twenty to at least thirty years. That again will assist in bringing down the amounts of monthly payments. The Minister of Finance has already announced that that proposal is under discussion, and that some progress will be made. I would urge as strongly as I can that thirty years should be the minimum, where an owner requires that time to pay for his home.

My next suggested change is a new one. In the mind of each of these home owners is the constant dread, the constant worry hanging

over his head that something may happen, possibly through illness or accident, as a result of which the breadwinner would lose his life and the widow would be left with an unbearable mortgage load. If this is to be a nation-wide scheme for every man to own his own home, then I say that in the event of his death the mortgage should be paid off and the widow should be presented with the house free from encumbrances; and that this should be paid out of an insurance fund. I am told that this type of term insurance could be acquired at moderate cost, not exceeding one dollar per home per month.

My next suggestion deals with restraint in respect of alienation. Very serious thought should be given to this matter. So far as I am concerned, the owner of a house should be placed in the position where he could not, through bad business judgment or in any other way, lose his house. I would have the house in such a position that it will not be subject to execution levies. In addition, I think it might be wise to prevent the owner himself from selling his house, or possibly it would be well in the event of sale to freeze the selling price, or set it apart to be used only for the purchase of another house. That is only my own thought on the subject, but I offer it for what it is worth.

These five suggestions will in my opinion make the act workable and bring it within the reach of every working man in Canada. However we could not possibly succeed in reaching a point where every man would own his own home unless we were to provide for the use of existing houses already built. I suggest that an additional part be added to the housing act to make these second-hand houses, if I may so describe them, available for exactly the same purposes and on quite the same terms. I concede at once that the amortization period should not be so long—that is, it should not exceed the life of the house. In addition, money should be made available by borrowing, repayable in monthly payments, just as under Part I of the act, to provide for necessary permanent repairs and permanent alterations to bring the existing houses up to modern condition.

If those things are done, and a nation-wide campaign is instituted, it would be almost impossible to estimate the amount of human happiness and human satisfaction which might flow therefrom.

I have commented on the urgency for the need for housing. I have commented, too, on the benefits, peace of mind and human happiness which would flow from such a plan. I have one other reason why in my opinion housing should receive priority in connection with post-war reconstruction, and it is this: The labour content of every medium sized house is at least eighty per cent. Some members may question that percentage, but when I refer to labour content I am not referring only to the labour expended in the building of the house. I include the indirect labour—the labour content that goes into the manufacture of frames, doors, lumber, flooring, plaster, hardware, plumbing, and everything else used in construction. If one computes all that in the labour content he will reach at least eighty per cent labour content in a medium sized home. I do not know of any type of construction in which the labour content is as great. For that reason therefore I say that is one of the post-war schemes we should first adopt.

There is another feature in connection with labour content, and it is this: I do not know of any construction work in which the labour content would be so diversified, and spread out over the entire country. One might say it would be spread throughout all branches of industry. Benefits would accrue to all parts of the country.

For all these reasons I urge as strongly as I can that the present is not one day too soon to make plans and to complete the organization for the financing and the supplying of materials for the new houses we so urgently need.

Mr. R. W. MAYHEW (Victoria, B.C.): Mr. Speaker, I do not apologize for taking part in this debate in connection with the establishment of a Department of Reconstruction. I agree entirely with the hon. member for Essex East (Mr. Martin), who has said that this matter is next in importance to that of winning the war or prosecuting the war. Had I not said anything I am afraid I would have been apologizing to myself for some considerable time. I suppose when I finish my speech I will still be apologizing to myself because of having fallen far short of what I would have liked to say in the short time at my disposal and with my limited ability.

I have been interested in this matter from almost the start of the war. So far as I know the first committee on rehabilitation set up in Canada was one set up in British Columbia by the British Columbia branch of the Canadian Manufacturers' association. I happened to be chairman of that branch at the time. I believe that committee is still functioning and considering plans for rehabilitation and reconstruction. I remember one statement that I made at the annual meeting. I impressed upon all the manufacturers of

British Columbia the necessity of watching their plants very closely in order that they should not run down. I emphasized the fact that obsolescence was a detriment not only to the particular plant but to the province as a whole.

I took another step at that time in an effort to enlarge the knowledge of this subject, both in the province and throughout Canada, but this was a somewhat disappointing experience. I offered an award for the best essay on post-war rehabilitation to be written by any undergraduate in Canada. This offer was made directly to the James committee when it was first formed, and it was also passed along to the Minister of Pensions and National Health (Mr. Mackenzie) who received it very warmly. However, the universities did not seem to rise to the occasion and give this suggestion the leadership which I thought it should have received. Instead of announcing this award to their students at the close of the year, they announced it when the college term opened, and the result was that only a few participated because they had only some three or four weeks to prepare their essays.

I would be quite prepared to continue this offer for the duration of the war. I think if it had been done we would have had a young people who were more enlightened on this subject. There are many young people reaching the time of life when they might make an active study of these matters, but they have not had the opportunity. If they are prepared to make full use of my offer I am prepared to renew it at this time.

I regretted that the statement was made in the house that this department was being set up to fill a temporary need only. I think that is a mistake. It should be a department for the development of Canada not only in the transition period from war to peace but for the many years to come. The department should be available for as long as it is necessary, and I am sure that that will be for the lifetime of Canada. There is so much in this country that is yet untouched. There are tremendous possibilities for development, and I cannot see anything better than to have an all-time department. This should not be a department with just a minister, a deputy minister and a few assistants; it should be a department with a minister, a deputy minister and a staff sufficiently large that its members could be selected from all parts of Canada, thus bringing together the necessary knowledge for this particular sphere of development.

The other day we heard a splendid speech by the hon. member for Athabaska (Mr. Dechene). He told us a little—no one could tell us all—of that great northland of which we know so little. There are over a million square miles filled with every kind of natural resource, such as minerals, forests, fisheries and oil. I am sure it will take some time fully to develop this particular district.

Speaking a few days ago the Prime Minister (Mr. Mackenzie King) mentioned another possible field of development. He referred to the creating of Ottawa as a federal district, and the possibilities of beautifying the nation's capital. He told us how it was hoped to make the other bank of the Ottawa river in Hull a thing of beauty. There should not only be a physical development of Canada; we should have cultural development as well. There are many cities besides Ottawa where similar projects could be carried out. I am one who believes that it is not a waste of money to develop cultural things. Would anyone say that money has been wasted in the construction of this grand building we are in at the present time? We could actually do with much less in the way of a building. We could talk just as much, although there might be a greater fire risk. But will anyone say that it has been a waste of money? Will anyone say that what was done on Elgin street a few years ago was a waste of money? I definitely say that it was not. We could take every city in Canada and try to make it a city beautiful as well as a city useful.

Any schoolboy will tell you that we must develop our industries to their maximum. These things are so obvious that they scarcely need mention. But the others are things which we have been overlooking. It is a change of mind that we want towards our development. Take, for instance, the city of Winnipeg, or Saskatoon, Regina, Edmonton, Vancouver; or take my own city, the city of Victoria. I do not think there is a more beautiful spot in Canada than Victoria, and regardless of what anyone else says, it is the playground and will remain the playground of Canada so far as climate is concerned. The nation could spend in the city of Victoria many millions of dollars which would be of tremendous advantage not only to the people of the city of Victoria but to the rest of Canada who would be glad to get away from the winters you have in the east. People are coming into the city of Victoria from all directions, both summer and winter. It is the only place where you can have really warm salt water bathing practically the year round. By the expenditure of a few hundred thousand dollars you could make it not only a national but an international playground to the great advantage of us all. I had no intention of

bringing forward the claims of my own city for development. I use it just as an illustration of the possibilities that we have in Canada for just such projects.

Mr. KUHL: But we need to know where the money is coming from.

Mr. MAYHEW: Where the money is coming from? The Prime Minister told us the other day, and I think he is right, that the money will come for the things which the people are interested in and desire to have.

Mr. KUHL: They were interested before the war too.

Mr. MAYHEW: We listened to the hon. member speaking the other night, and if I remember rightly he implied that it was humiliating to work.

Mr. KUHL: I did not say any such thing.

Mr. CRUICKSHANK: He has never tried it.

Mr. MAYHEW: If the hon. member did not say it, he implied it.

Mr. KUHL: I said that compulsory work was humiliating. I did not say voluntary, but compulsory.

Mr. MAYHEW: The Lord made it compulsory because He told us that we must earn our bread by the sweat of our brow. Personally I do not think you can build character in a people or in a nation unless they have work to do.

Mr. KUHL: Voluntary work.

Mr. MAYHEW: Work is the fibre of achievement that makes a nation great, and you cannot have the fibre of achievement unless you have something to do and are willing to do it. That is what my hon. friend lacks.

Mr. KUHL: No.

Mr. MAYHEW: I was saying, Mr. Speaker, that I am anxious to see these developments take place; I emphasize this because there is not time to deal with the others, and I want if possible to get this point across.

I believe that we have to have full employment. I do not believe you can have half of your people employed and the other half unemployed. Someone has said that no man is free unless all are free, and I do not think we can be busy to the best advantage unless we are all busy. I think we could all be busy in the future.

In the programme which should be undertaken the matter of tempo enters. Some say that the tempo should be increased just as soon as the boys come home from overseas. Personally I do not think so. I believe that there will be sufficient work, more than sufficient work, for the first two or three and possibly four years after the war is over. It will be in the subsequent period that we may have to move in and find work for people to do; but this nation I think will do these things I have mentioned because they are in the end self-supporting. I want to emphasize that. I do not think you should bring the boys home from overseas and put them to work and at the same time leave the boys that are at home without work to do, because when one man is idle, somebody else is not fully employed. Only when all are employed can all be fully employed.

I am going to make four suggestions, and then I shall conclude.

First I think the name "Reconstruction" is a misnomer. It has come out of its association with rehabilitation. It is national construction, national planning on a long and broad scale which in my opinion is required. Rehabilitation is an entirely different matter. I do not say that they are separable, because you cannot have rehabilitation without reconstruction. But title reconstruction would mean that this country has been partly destroyed or that we intend to destroy it and rebuild it. There is nothing of the kind. We are to build on what we have. It is a gradual development on the basis of our imagination, and, I hope, of our courage, because I know that our ability to do it is there. I suggest that the name of this department be changed.

I suggest, too, that it be made a permanent department. I suggest that it have a large personnel, not a small one; that that large personnel be selected from all parts of Canada, and that in their planning they look towards developing not only the ribbon that runs across Canada from the Atlantic to the Pacific, but Canada as a whole.

I suggest also that the minister, whoever he may be, be appointed now. I do not think it is too early. The formation of this branch of government is very timely, and the minister should be appointed now for this reason. He would be able to sit in on and give a lead to the banking and commerce committee, because finance is going to come into the programme of reconstruction, and his advice and assistance in planning for the reorganization, if that is to take place, should be of some assistance both to him and to us.

I suggest that this department be not just another department of government, but that it be "the" department of government, because upon it depends the full work of our people; on the full work of our people depends our

national income, and on our national income depends whether or not we can carry on with our social legislation. This department is the heart and the backbone of Canada itself in action.

Mr. THOMAS REID (New Westminster): Mr. Speaker, most allied nations have been laying plans during the past three or four years for post-war planning and rehabilitation; but I say to you as emphatically as I can, in view of statements which are being made outside the House of Commons, that no country among the allied nations is so far ahead in plans for rehabilitation as is Canada under the present government. That statement cannot be successfully refuted. I am sorry that the leader of the Cooperative Commonwealth Federation is not in his seat this afternoon, because I intended at this time to deal with one or two statements he has made; however I will defer until later most of the things I have in mind. I think it is most unfair for an hon. member, especially one who is the leader of a party, to make statements throughout the country which, I say, are not true. For instance, he is quoted as having said a short time ago that two million jobs would have to be found for service men returning to civilian life in Canada after the war, and that not a single plan has been devised by the dominion government to meet that situation. In that utterance there are two gross misstatements of fact. The first one is that two million jobs will be needed for service men. There are not over eight hundred thousand men and women in the armed forces of Canada, and to assert publicly that two million jobs will be required for them is a kind of mathematics which is beyond me. I rather thought that people in the country from which I come knew something about mathematics and education.

Mr. GILLIS: Will the hon. member permit a question?

Mr. REID: Yes.

Mr. GILLIS: Where did he get this statement which he alleges the leader of the C.C.F. made?

Mr. REID: I am glad that the hon. member for Cape Breton South asked that question. For every utterance I have made in the House of Commons I have been careful to have proof. The statement I have referred to is reported in the *Leader-Post* of Wednesday, June 14; and may I say to the hon. member who interrupted—

Mr. MITCHELL: The *Leader-Post* of Regina?

[Mr. Mayhew.]

Mr. REID: Of Regina; yes.

Mr. GILLIS: It is ridiculous on the face of it.

Mr. REID: The hon. member may say it is ridiculous, but may I say that there is something in this connection which is very strange. I do not know much about how the C.C.F. act in other provinces, but in British Columbia, from which I come, I know something of their actions, and before this session is over I shall deal with a good deal of what has gone on there. Any time that any paper in British Columbia has reported some statement against the C.C.F. or any of their leaders they rush to contradict it, but I have never seen any contradiction of this report. Are they carrying on some other policy in Saskatchewan and not repudiating things they object to?

Mr. GILLIS: It is so obviously ridiculous.

Mr. REID: I do not see how the hon. member is in a position to deny it. I might say to him, just hold your horses a little while.

Mr. GILLIS: Well—

Mr. REID: Mr. Speaker, have I to take care of myself?

Mr. CRUICKSHANK: You can do it.

Mr. REID: Because if I have to, of course it is all right with me.

Mr. GILLIS: If you want to make such statements, it is up to yourself.

Mr. REID: Some statements have been made during this debate, either in the speeches or in cross-fire conversations across the floor of the house, particularly by members of the C.C.F., regarding the years of depression, 1930 to 1939. Speakers of the Cooperative Commonwealth Federation group have gibed at both the Conservative and the Liberal parties with reference to the great amount of unemployment during those years. I have been frank to admit wherever I have gone that there was a great deal of unemployment at that time, but I do not understand the reasoning of those who remind us of it, or why Canada in particular should be singled out and our form of democratic government denounced because we were not able to solve the problem during those years. No country in the world, I care not what form of government it had, solved the problem. Oh, yes; someone is going to say that all were working fully in Russia, that they were fully occupied in Germany and Italy and Japan. But if all those countries had their people at work, it was simply because they were getting ready for war. We are not a warlike country. The facts are that no country in the world solved the

problem of unemployment during those years—neither Russia nor Germany, Italy nor Japan. Yet members of the C.C.F. go up and down the country saying that we must have a new form of democratic government, that the old parties have failed, because from 1930 to 1939 they did not solve unemployment.

The thought has just entered my mind, and it is something I have long wanted to say in this house, that I have been astonished at the attitude of a number of those who, have come to Canada from other lands and who, had they stayed in the lands they came from, would probably not have owned very much; yet with all the possible things that God could give them in this great land, they have gone around denouncing the government of Canada. I remind the house, and it seems to me a strange and significant fact, that during the years of depression, and when we were hearing so much of the progress of Russia, although 60,000 persons made application to the Canadian government to be taken back to Great Britain, no applications so far as I can learn were made by any who came from the countries of continental Europe to be returned to the country of their origin or birth.

I say, Mr. Speaker, let us have some pride in our land. When one looks over the membership of this house and recalls that some thirty-one hon. members were born outside this country and came to it from nine different countries, it seems reasonable to ask whether there is any other land which has provided the same opportunities as this great country has provided to those who have come here from abroad. One quality in the Russian people which we might well emulate is their great love of country.

While I am not suggesting that this government should adopt the policies of militarily-minded states, it is my opinion that following the conclusion of this war we shall not allow ourselves for many, many years to revert to the condition of unpreparedness in which we found ourselves prior to 1939.

One thing we all admire about Prime Minister Churchill is the great frankness of his statements. It is a splendid thing to be frank. When he was speaking in the British House of Commons on post-war rehabilitation someone reminded him that after the last war British shipowners had bought German merchant ships at a cost of little or nothing. He replied that that was perfectly true, but, he said, "We won't make that mistake again, though I expect," he said, "being human, we shall make other mistakes." I recall that because we too admit frankly, at least I do, that we did make a mistake in 1930 to 1939. But we are not going to repeat that mistake; and when anyone goes through this country endeavouring to persuade the people that a new heaven or a new earth will come about if only some new type of democratic government is given an opportunity, I warn the public to be very careful before they take such statements too literally.

It is only of late that members of the C.C.F. party have admitted that trade may be at all a significant factor. Like most parties, they are keeping their ear to the ground too and moving along as they think the people want them to, so that they do not differ from any of the older parties in that political regard. That, after all, is democracy. I do not know what the future will bring forth, but if past history has been any guide to us at all it shows us this. To me at least it has proved that the nations that have gone out to trade, and to trade freely, have been the nations which have given most of this world's goods to their people, while the nations who have lived unto or within themselves have been the nations which have given the least of this world's goods to their people. That has been the history of mankind from the days of Adam to the present time, and it is my opinion that the same thing will hold good for many years to come. We must therefore pay greater attention to international trade.

This country is adapted to produce great quantities of grain, lumber, fish and agricultural products which could never be consumed at home unless we trebled our population, even though we were provided with twice the amount of food we consume at the present time. I find that the Liberal party is in pretty good company, because at the international labour conference held in Philadelphia in May last the following statement was made with regard to trade, enunciating the fact that we must take note of what is taking place in other lands:

> The war against want requires to be carried on with unrelenting vigour within each nation, and by continuous and concerted international effort in which the representatives of workers and employers, enjoying equal status with those of governments, join with them in free discussions and democratic decision with a view to the promotion of the common welfare.

And this is what I ask you to note particularly. This is an outstanding resolution:

> Poverty anywhere constitutes a danger to prosperity everywhere.

That is the point of view held by those of the Liberal party who are looking to the furtherance of trade, believing that we cannot remain in our shell or live unto ourselves and hope to prosper. Isolation, sir, is as dead to-day

as the great wall of China. When one realizes that it takes only about sixty hours to travel completely round the globe, one realizes how close countries are to one another and that we must pay greater attention to the prosperity and well-being of other countries as well as the prosperity and well-being of our own. When we think of the brotherhood of man, we must realize that this brotherhood was not intended to be confined within the borders of any one country.

In British Columbia for many years, emanating from those belonging to the C.C.F. and emanating as well from members of the C.C.F. party in this house, there have come public utterances upholding the Dominion of New Zealand. The other day an hon. member pointed out, in answer to an interruption, that the general picture of welfare in this country was ahead of that of New Zealand. I have gone into this matter a little, and these are some of the things I find. Take the debt charges in New Zealand, for instance—and I have the debt charge translated into dollars so as to make it comparable with that of our own country. The public debt charge of this country is on an average $680 per head, while in New Zealand it is $1,010. Take interest charges. We have heard a great deal about interest charges and debt-free money, but there again we are still ahead of New Zealand. Interest charges in Canada amount to 2·90 per cent—and I understand even that has been reduced—whereas in New Zealand the interest charges are 3·42 per cent. We have heard a great deal about the load of debt on the Canadian people. Well, the load of interest debt in Canada works out at something like $14.65 per head, whereas in New Zealand the load of debt is $28.75. I have given the interest charges they are paying on loans, and I have given the public debt. Now, coming to taxation, this may interest hon. members. I have not time to go into it fully, but I shall be pleased on another occasion to elaborate on these matters individually. The single man in New Zealand earning $700 pays something like $53. In Canada it works out at $26, with $13 refundable. The married man with two children earning $1,500 per annum pays in Canada $49.50, with $24 refundable. In New Zealand he pays $154. This information I have obtained from the New Zealand *Year Book*.

Mr. GILLIS: But you are only quoting half of it.

Mr. REID: I am giving the full details on interest and debt, and I shall be glad to discuss the entire New Zealand situation with any hon. member of the house, because the picture gets better as it goes on.

[Mr. Reid.]

Mr. GILLIS: It is not fair to put half of it on the record.

Mr. REID: That is the old way of putting something across, by rising and making such statements. You are putting that in my speech; it is very cutely done but you are all wrong. It is a habit you have had for a number of years, and I would ask you to keep your seat and possess your soul in patience. I can discuss it with you in committee.

Mr. GILLIS: You are insulting a sister dominion.

Mr. REID: I resent that. I am not insulting anyone. I am putting these facts before the house only for one purpose. It has been held up to the people of this country by the C.C.F. that if we adopted a government similar to that in New Zealand all the good things people hope for would be bestowed on the Canadian people. I am not bringing this forward for any other purpose than to answer my hon. friend. I do not wish to introduce division between sister dominions, but it is said so often by members of the C.C.F., both in British Columbia and here, that I am impelled to correct their statements and keep the record right and true. When it comes to taxation, it would appear that they soak the workers there. We in Canada place the burden of taxation where we believe it can best be borne. For in the matter of income tax they pay more in New Zealand until the sum of $10,000 per annum is reached, and thereafter it gets less, whereas in Canada it increases very greatly indeed. I could quote bond interest too, which is less in Canada. In regard to New Zealand's financial position I doubt, Mr. Speaker, had it not been for the help of Great Britain during the war, whether she would have been in as good a financial position to-day as her books would seem to indicate.

With regard to Canada and rehabilitation, may I say without fear of successful contradiction that the provision we have made for our service men is not bettered or equalled by any other country of the allied nations. There is only one thing that I believe New Zealand has done a little better than we, and that is with regard to the matter of clothing allowance. I hope that will be adjusted in Canada before very long. In the matter of treatment, pensions and hospitalization for service men, I know of no country which is doing more than we are. In saying that I do not want to leave the impression that we have finished or reached the ultimate in the treatment of our service men and women. I am

merely stating the fact. If anyone has any statement to make to the contrary I shall be glad to hear it.

British Columbia is taking quite a part in the work of rehabilitation. The government of that province set up a committee composed of representatives of all parties in the assembly. The report of that committee emphasized the matter of finance. The hon. member for Fraser Valley (Mr. Cruickshank) in his speech this afternoon touched on the subject of municipal finances. While I realize that no definite projects can be outlined at the moment, the general plans are, however, outlined, and the government of the day should as soon as possible let the cities and municipalities know what their position will be in regard to loans. If the municipalities could obtain loans at cost, say, three-quarters of one per cent, I feel sure that every city and municipality would immediately set to work to outline post-war works. Remember, Mr. Speaker, that a great deal of the burden of rehabilitation will fall on these cities and municipalities, because when a man is seeking relief, and sometimes when he is seeking employment, the first place to which he goes is the municipal council. In every recommendation presented on behalf of the government of British Columbia that one point was brought out.

I am not going to weary the house because this document is too voluminous for me to place on *Hansard,* but I wish to read one of the recommendations that was put before the dominion government. It is as follows:

> No information seems to be available as to what procedure will be followed by the dominion government in allocating proportions of cost under any of the rehabilitation programmes where they operate to the benefit of municipalities. Naturally a programme involving one and a half million dollars is entirely beyond the capacity of most cities.

Then further:

> Your committee appeared before the provincial government rehabilitation committee early this year—

That was 1943.

> —presented their report, and entered into a discussion regarding some of the proposals, especially regarding the method of financing post-war schemes. We feel that until the question of finances has been settled, the whole work of all post-war committees has been futile. The provincial committee themselves have not a solution, as they in turn await the decision of the federal government on this point.

Therefore I urge upon the Prime Minister and the government the necessity of arriving at a decision as soon as practicable, and so that the municipalities, cities and provincial governments be informed as to what help they may expect from the dominion government and what rates of interest will be charged for loans.

I would make one other proposal to the Prime Minister and to the government. Before the programme of rehabilitation starts, steps should be taken with regard to the debts owing the dominion government by provincial governments. I was looking over this matter before I came down to the chamber this afternoon, and I was surprised to find that according to the last auditor general's report the provincial governments owed the dominion government something like $313,309,016—and by the way, Saskatchewan did very well in that respect because that province was lent a considerable sum of money, according to the record; they owe the government $79,828,017. As one looks over the staggering amounts one realizes that that is one of the things that should be taken up at either the forthcoming dominion-provincial conference or as soon as possible thereafter, to see if some means can be devised for clearing up those debts which hang like a cloud over the provincial governments. The provincial governments in turn have lent large sums of money to municipalities, and those debts also hang like a cloud over the municipalities.

In his speech of yesterday afternoon the hon. member for Royal (Mr. Brooks) made some reference to the fisheries. I am not going extensively into the matter of fisheries this afternoon, but in looking through the recommendations and statements made by the government I notice that fisheries have been mentioned as one form of rehabilitation. May I point out to you, Mr. Speaker, that in so far as British Columbia is concerned I doubt whether we can take many more men into the fishing industries. We may be able to take more men, women and youths into the canning factories, but I doubt whether we can place or take care of any more men as fishermen. I say that for this reason: the quantity of fish in our waters is, after all, limited, and the more men put into the industry the smaller the return will be for the individual fisherman. However, there is one branch of the fishing industry into which we could place more men. I refer to the halibut fisheries. Under the provisions of the international halibut treaty the yearly allotment of the United States and Canada is something like fifty million pounds. We have never been able to take more than one-third of our share. The United States fishermen have been able to take the larger part, up to three-quarters of the amount allotted. They can do that because they have larger and better fishing vessels which can go

farther afield. They are better fitted to withstand the rough seas one or two hundred miles off our shore. Canada is bearing fifty per cent of the cost of the halibut fishery commission. Is there any reason why our fishermen should not be encouraged to take their fifty per cent of the allotment?

Since 1939 some ninety large fishing vessels have been taken from the fishing industry in British Columbia for military purposes. These boats, or better ones, should be put back for the specific purpose of fishing for halibut. Everything that it is possible to do should be done to enable our fishermen to compete with United States fishermen on the halibut banks. When the Japanese were taken out of British Columbia and the fishing licences were curtailed in 1941, it was stated that the fishing industry would suffer. It may interest the house to hear actual figures, and to know what the results have been since the Japanese left the fishing industry.

There were 1,337 Japanese fishing vessels taken over from the Japanese, and sold, the money being held to the credit of the individuals concerned. In 1941 there was a total of 13,602 fishing licences in all issued in British Columbia. Of that number the Japanese held 2,080, or 15·4 per cent. In 1942-43 the number of fishing licences increased until, at the last issue, they amounted to 15,379, an increase of 1,777. The actual picture is that 3,857 more fishermen have entered into the fishing industry since the Japanese left British Columbia. I would ask this very practical question of the C.C.F. In their rehabilitation programme will they allow the Japanese to return to the fishing industry of British Columbia? I would like to have that question answered. My stand is that they should not come back. The fishermen of British Columbia, however, should be told. They should be told whether if the C.C.F. were elected to power the Japanese would be allowed to come back into the fishing industry, because at the present time, with 15,379 licences issued, there is not a decent living for many more.

Mr. GILLIS: The hon. member said a moment ago that the British Columbia legislature had instituted a reconstruction committee report, of all parties?

Mr. REID: Yes.

Mr. GILLIS: Did they make a recommendation?

Mr. REID: In the book I have before me, they might have; but in the report I have not seen it. I want to be fair, and say that they might have. However, I have not seen any. In the report of the post-war rehabilitation council, the members of which are named, I could not find any recommendation regarding fishermen.

Mr. GILLIS: That is the body which should make a decision, because it is a British Columbia matter.

Mr. REID: The issuing of licences is not a British Columbia matter. It is not the provincial government which will make the decision; it is the people of British Columbia who will make it when the proper time comes. However, I want a statement in that connection, because I do not want the people to be misled. When they vote they should know what they are voting for.

I see my time is going on, and I shall proceed with my closing observations. In connection with rehabilitation I would say that first consideration must be given our fighting men; for without their sacrifice no rehabilitation or social security would be possible for us. While plans are being laid now to rehabilitate the men and women in our active forces after the war, and likewise to provide employment and other social measures for our citizens generally, much more thought will have to be given to world conditions than has been given to them by our people. Social security cannot be assured us unless we can be assured of a reasonable and lasting peace following the end of this war; and there can be no national security in a policy of isolation. One of the great problems facing the allies now, aside from the winning of the war, is how we can prevent another blood bath in the future; for the winning of the war may not bring peace.

For the past few years statements have been made throughout Canada about the danger of winning the war and losing the peace. While what is meant by losing the peace is open to many interpretations, to my mind one danger facing us is that owing to careless thinking on our part, or to not thinking at all, we may lose what freedom there is left. To many people, thinking is hard work. History can show many examples of peoples who have lost their liberty because they were too lazy to think out for themselves the problems that all free peoples must solve if they are to continue free. To my mind dangerous fires are being lighted in the minds of the people these days, fires which may flare up and consume us before we fully realize what it is all about.

Underneath a lot of the loose talk uttered to-day the real issue is not readily seen. That real issue is not so much economic as it is philosophic. The real issue is whether we

should trust to the state supreme power over our lives. Never let us forget that our fathers found out long ago that complete power over our lives could not be trusted to anyone, no matter how wise or how virtuous a king or even a government might be. Men preferred to live their own lives; and so there was devised a society with power of its own to resist the government. If ever the state obtains complete mastery of our lives, freedom will be gone for ever. Once a single power, whether the state, the capitalist, the labour unions or any other group, undertakes to run our lives according to a certain plan and to guarantee by that plan to produce certain results, then it can brook no interference; for if the plan fails the rulers lose either their jobs or their lives.

It must not be inferred from what I say in this regard that I am advocating that we must not have new rules to prevent greed and the exploitation of the great masses of our people. New rules will have to be provided—yes, and enforced—so as to ensure a fuller and better life for all our citizens. In doing so, however, let us be very careful that we do not throw away for a mess of pottage the most cherished jewel of all, namely our individual freedom. The right to live one's own life, the right of free speech, the right to worship God in our own way—all these are a heritage which to me is priceless, and can never be compensated for by material things alone. It is as true to-day as when spoken by Christ, when he said, "Man shall not live by bread alone."

Mr. G. G. McGEER (Vancouver-Burrard): Mr. Speaker, I rise to say a few words to-day in the debate on this bill, because I believe it brings into focus the culmination of a long series of events since the turn of the century. This happens to be the first time any government in Canada has assumed the responsibility of setting up a department of economic direction.

The powers in the bill, which are to be vested in the minister and which are being delegated by parliament to the governor in council, vest in the new ministry a power over the economic well-being of individuals in Canada which, in itself, would have caused a revolution only a few years ago. Just what the exercise of those powers may be will be for history to disclose. But I think the acceptance of the provision for the wide powers extended to the ministry indicates that the government is well conversant not only with the seriousness of the problems which lie ahead, but also with the enormous difficulties which will attend their solution.

I for one hold the firm conviction that Canada is well provided to meet with success the post-war period, notwithstanding my belief that the difficulties will be just as great and just as costly as have been the problems of sustaining the economy of the nation through this period of war. There is no chart to guide us now as there was no chart to guide us when we embarked on the war in 1939.

I think some facts stand out, and here are what I consider the general broad conceptions of the main problem. Gainful employment will have to be provided for some five million Canadians, two million of whom are now engaged in the fighting services and in war industry. We have a public debt already of $14 billion, and upon any reasonable basis of estimation this will be rising for some time to a figure much larger than that. Already we have $11 billion of national federal debt, $2 billion of provincial debt and $1 billion of municipal debt.

Do not make any mistake about the condition of our provinces and municipalities. Representatives of both have appeared before the reconstruction committee. The Hon. Mr. Garson, Premier of Manitoba, pointed out in great detail that that province will have revenues wholly inadequate to provide for a greatly expanded programme of expenditure. I am confident that while every province has gleaned something from deferred maintenance during the war and from war revenues, there is not one which under its existing revenue powers has the financial resources to hope to make up in the post-war period the deferred maintenance that has accumulated during the war years.

Those who are interested in Mr. Garson's views will find them in the evidence of the reconstruction and reestablishment committee, No. 19, page 486, June 2, 1942. On November 27, 1943, representatives of the mayors' federation of Canada appeared before the committee and stated:

> The financial resources of the municipalities are wholly inadequate for any large scale post-war public works programme such as probably will be required.

That was not so after the last war. At the close of the last war the provincial and municipal governments embarked, not only upon a programme of making up deferred maintenance but upon a progressive programme of general expansion. On the other hand, the dominion government curtailed expenditures and moved toward a programme of balanced budgets with the objective of reducing the national debt.

Many people ask, and with some justification, "Are we going to move from this war into a period of illusionary prosperity and then collapse into a condition of hopeless inactivity?" There was never anything wrong with the wealth of Canada from 1930 to 1939, but

there was something wrong with the machinery that maintained in circulation the economic power of the collective society of the people of Canada. We were told after the last war, "You have spent your money; the war has caused this debt; you have to tighten your belt and meet your obligations." No one can find much fault with that kind of honest theorizing.

Unfortunately, however, when the government stopped spending the country lost the power to expand, and all of a sudden the complete collapse of the economic structure took place. I should like to draw to the attention of the government and the minister some facts which are indicative that the financing of this war has followed closely the pattern of the financing of the last war. There are some details which vary greatly, but let me direct attention to the fact that in 1941 our total bank deposits were $1,052 million, while in 1918 they were $1,942 million. We increased our bank deposits by $842 million.

What have we done in this war? In 1938 our bank deposits were $2,498 million, and in April, 1943, they had risen to $5,297 million. Do not make any mistake about what that means. It means that the debt claim currency of this country, which was the cause of the trouble after the last war, has shown a proportionately larger increase during this war than it did in the last. That is not national currency circulating as a servant of the people; that is not currency issued in terms of public need; that is debt claim currency which is not spent into circulation as an operating medium of exchange but lent into circulation as a debt claim upon the nation to provide a monopoly. Make no mistake about what that means. If that is not changed, this system of frustrating every effort of progress, breaking down every power to move forward, all the plans, yes, all the sacrifices of this war will have been in vain.

Let me refer to another similarity. We have gone through this before and we are going through it again. Do not think for one moment that we on this continent will be given any special dispensation. What will permit us to escape the consequences which have befallen the people of Europe if we make the mistakes the people of Europe have made? In 1914 our public debt load was $335 million. By 1918 it had risen to $1,191 million, an increase of $866 million. But let me give the increase in the debt load since 1939. In 1939 we owed a debt of $4,693,000,000. On December 31, 1943, it had increased to $11,300,000,000. The increase in the federal debt in 1918 was $866,000,000, and to-day it is already $6,609,000,000. That debt must be serviced. Our interest charges have risen, although the rate has beeen cut, from $169,000,000 to $304,000,000. Our interest charges at the close of the last war were less than a hundred million dollars, and yet we heard those responsible for the government of Canadian cities, those responsible for the government of our provinces and those responsible for our federal government declaring throughout the whole of the period from 1920 to 1929 that the crippling power, the all-evading restricting force upon Canadian democracy in all its services to the people lay in the fact that there were fixed charges that could not be reduced; it lay in the fact that the debt load had increased to the point where nothing could be done without deficit budgeting, which is against sound, practical, financial economy.

What is the solution of that problem today, for it is not going to solve itself, and the men of to-morrow in our cities, in our provincial governments and in this parliament cannot escape finding a solution of this problem. I have listened to a great many ministers of finance. But I have never heard one minister of finance who approved deficit financing. I have never heard a responsible public man declare that a nation or a province or a city or an individual could go on and maintain its or his economic security by pyramiding an ever-increasing load of interest-bearing debt. There is plenty of evidence to prove that that debt load is a menace to-day.

You see, Mr. Speaker, it is all very well to say to the people: Your debts must be paid. The moment you start regimenting your people or imposing upon them a burden of taxation, you face one of two things. You face open revolt and repudiation of the government, and at the same time you face the line of diminishing returns. We are already at that point in Canada.

I support heartily what I thought was a splendid presentation of the situation by the hon. member for Parry Sound (Mr. Slaght) the other evening. But men say: How can you reduce taxation and increase public services? How can you call upon the government to cut down its levy of taxes on the people and to extend its expending power to provide services and improvements which the people are demanding? And we come to that easy phrase, You cannot get something for nothing. That on the face of it seems to be reasonable. But certainly under the existing system of issuing the medium of exchange, not in terms of public need, but in terms of private gain, through a toll-gate of interest imposed by

private monopoly, you cannot escape the disaster of overwhelming and unpayable debt.

What is there in the way of solution? There was a time when men believed that the medium of exchange available to the people depended on the amount of money metal they could dig out of the ground. When the cycle of trade depression came around, unless you could discover a gold mine in California or Australia or perhaps the Cariboo, poverty would have to remain. As late as 1930 I heard the then Prime Minister of this country declare that gold is an asset necessary to our credit and that without our gold reserves our money would be valueless.

What has happened to that theory? It has gone, and gold has not lost its value. Gold plays a great part, as well as silver, in our international world to-day, and it probably will continue to play that part. But make no mistake about it, we have been released forever from the restricting powers of gold upon the volume of our internal currency, and to-day The Bank of Canada dollar, printed with a printing press upon a piece of paper, has behind it the integrity of the government, the resources of the entire nation and the intelligence of the Canadian people.

We have a means of creating a medium of exchange and putting it into circulation without accumulating an ever-increasing burden of debt. I just want to go back a little while, because what I am preaching is not new. I came to Ottawa many years ago and I laid before the banking and commerce committee of 1934 these proposals:

> The successful operation of the New Deal for humanity proposed by the Liberal party necessitates the establishment of the administrative foundations which I outlined to the banking and commerce committee on May 1, 1934, namely:
>
> (1) A national banking system controlling the issue of all currency and monetization and issue of credit transferable by cheque.
>
> (2) A department of taxation empowered to prevent excessive accumulation of currency and credit in issue;
>
> (3) A department of economy for the regulation and control of all internal trade, commerce and credit;
>
> (4) A department of foreign trade for the development, control and regulation of international trade, commerce, currency and credit.
>
> This plan does not involve the socialization of private finance or the wiping out of the legitimate business of the merchant banker. It can and should be confined to the national administration of currency and public credit devoted to the financing of all public enterprise and the maintenance of an adequate stream of consumers' buying power. Under this plan the national government, working in cooperation with the provincial and municipal authorities throughout the dominion can eliminate the disastrous costs which the private money system now imposes upon the financing of all public enterprise. We can eliminate unemployment, reestablish a rising standard of living, and advance our internal and external trade. Education may continue to iron out the social and economic inequalities which unfortunately persist. Steps to secure a greater measure of equity in the distribution of wealth may be undertaken with greater hope of success. Government will be able to function more effectively in maintaining a fairer balance between the city, agricultural and industrial communities. We do not assume that the Dominion of Canada can maintain economic independence, but we do say that under this plan the government of the dominion will be able to maintain, in cooperation with those nations who are willing and anxious to trade with us, a measure of economic security that has never been enjoyed in the past.

How much of that plan has been put in effect since 1934? All of it in some degree. The only thing lacking to give the government of Canada to-day power which every democratic government should have is the power to issue currency through its own national institution as the spending power of government.

I asserted at that time that we could not go on indifferent at the head of national government under our constitution to the financial needs and taxation powers and responsibilities of provincial and municipal governments. We found ourselves in those years in the junior branches of government hopelessly without the means of financing undertakings which would have eliminated much of the unemployment in our cities. School-teachers went unpaid. May I say that there is a great group of people throughout our national economy to-day who are underpaid, who are not receiving adequate compensation for the increase in the cost of living, or for the positions which they hold in our social and economic life, or for the services they render to the community at large.

If we are to have a peaceful period of secure progress after the war we have to meet some other problems. After the last war the number of airmen returning was comparatively small as compared with the numbers that will return in the uniform of the Royal Canadian Air Force after this war. The training they have secured and the record they have written in the skies entitle them, yes, entitle them all, to a place in the social order and economic life which will be worthy of the place they now hold. They will rightly demand a place in a nation enjoying a high state of progressive prosperity and they will not be satisfied with anything less. The men and women who will return in the uniform

of Canada's navy are highly trained. They have held an important place. Do you think they are going to be willing to return to be mere hewers of wood and drawers of water? Are they to return to a life in which they may be told to-day that they can have a job and to-morrow that it is not available? So it is with the men and women of our army. They are trained to be leaders in the great forces of mechanized power. Do you think the problem of reestablishing the demobilized forces will be in any respect similar to what it was after the last war? Go through any of your modern factories; look at the people engaged there. The surroundings, the work they are doing, the wages they are receiving, are industrial conditions of the highest standards. Do you think for a moment that they will return to a standard of living such as obtained in Canada from 1930 to 1939? They will not do so. They will not be satisfied to accept it.

How then can this problem be faced? It certainly cannot be faced under the present debt claim system. It cannot be faced under a system of taxation which has already passed the line of diminishing returns and is destroying private enterprise—

Mr. BLACKMORE: And human life.

Mr. McGEER: —and private initiative. There is not any question about that.

Here is a new standard to be developed, an enormous debt to be reduced, and a condition of taxation which has already gone beyond the limits of reasonable acceptance.

That brings me to what I rose to speak on to-day, the problem of changing our banking and monetary system so that it will conform to a new order. Can we do that? Yes, Mr. Speaker, I believe we can, but I believe that it involves fundamental changes in our whole banking law. I believe that on the changes which are made in this regard depends more than anything else the success with which we shall be able to assume and fulfil the responsibilities which lie before us.

The Bank of Canada as at present formed has the power to finance our federal government by a straight issue of national currency, but it has no power to take deposits and no power to take advantage of deposits as a means of obtaining the benefit of a circulating currency or of controlling the circulation of currency. Those amendments are necessary.

A further amendment of the banking law is required to compel the Bank of Canada to be the financing authority for all public enterprise and to stop the chartered banks from issuing currency in the form of bank deposits as a substitute for Canadian money. They should be empowered to lend their own deposits and to lend their own capital; but to leave with them the power to issue a bank deposit debt claim as a substitute for currency, as a substitute for the Canadian medium of exchange, and to compel all Canadian governments and the Canadian people to be dependent upon that type of medium of exchange, is to leave us at the mercy of a private monopoly. It is because we have depended upon that kind of thing in the past that we have suffered both from inflation and from deflation, and so long as the present system continues we shall find that recurring condition inescapable. But, you say, how is that going to help our provincial and municipal governments? I would suggest that the time has come when we should have associated with the Bank of Canada a bank in each of the provinces of the dominion, a bank which will have close association with provincial and municipal governments, working in conjunction with each other and in conjunction with the federal bank, that is, the Bank of Canada, so as to be able to provide whatever finances are necessary to sustain the provincial and municipal economy.

Would such a system as that involve us in an inflationary condition? I do not think it would; but I am sure of one thing, that it would be possible under that system to avoid the disaster of inflation in the future. We have always suffered from deflation. We have never suffered from inflation. It was the deflation in 1921 that caused the disaster; it was the deflation in 1930 that caused the disaster. Where was there ever any inflationary condition from which the people of Canada have suffered? We have never had any means available to us to lift the people out of depression other than by piling up a new load of interest-bearing debt. We have never suffered from inflation and we never shall under the present system; but we shall invariably suffer from deflation, and that is what has happened in the past.

Should a government be provided with adequate means of financing a progressive rate in the standard of living? We are told in this house to-day that the problem of financing old age pensions is something which should be carried on by the provincial governments, and because we say that the cost will be too great a burden upon our national finances we leave the old age pensioners to struggle along on a miserable pittance. Take the burden of taxation as it moves across the under-strata in every class of society, taxed below a decent standard of living to-day. The power to avoid that kind of thing is the power that modern democratic government must take

unto itself, and it must take it to itself through a sound and correct amendment of our currency laws.

We in Canada can look forward to an enormous expansion. We have a young country, the development of which is barely touched. Remarkable as it may seem, as yet we have not a single trans-Canada motor highway across the dominion. You can start at the eastern boundary line and go right through to the shores of Vancouver island, and in every part of the dominion there are millions of jobs crying to be done. Let me point out just one. Technical training is one of the great opportunities in Canada. We have built up during the war, around the national research council, a great organization that has made a splendid contribution to the war programme. Is there not an opportunity to take our national research council as it is to-day and consolidate it into a great technical training and scientific research training school to be applied to the development of our Canadian resources? There is one extension to our educational system that can be closely related to the whole development of our resources in line with the new age that is approaching. That is only one example. But none of these things will be available to us in all their full value if they are to be frustrated by a continuing and progressive load of unpayable debt with its burden of taxation and its ultimate burden of stagnation and repudiation.

THE ROYAL ASSENT

A message was delivered by Major A. R. Thompson, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Honour, the deputy of His Excellency the Governor General, desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, the house went up to the Senate.

And having returned.

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An Act for the relief of Julia Menard Mills.
An Act for the relief of Vera Esteri Seppala Vuorimies.
An Act for the relief of Violet Magdalen Johnson Overall.
An Act for the relief of Edna Lyall Burgess Lambert.
An Act for the relief of Barbara Hellen Smith Dodds.
An Act for the relief of Ellen Margaret Doris Sheehan Decary.
An Act for the relief of Kathleen O'Raw Major.
An Act for the relief of Vernon Oswald Marquez.
An Act for the relief of Wilson Allan Martin.
An Act for the relief of Victoria May Larkin Kirkcaldy.
An Act for the relief of Nellie Blinkhorn Cowie.
An Act for the relief of Milliam Mace.
An Act for the relief of Pauline Hislop Ralph.
An Act for the relief of Ethel Mary Moffatt Shaw.
An Act for the relief of Alfreda Elsie Hatch Carpenter.
An Act for the relief of Rachel Segal Kaparofsky.
An Act for the relief of Paul Lapointe.
An Act for the relief of Vera Grace Percy Moore.
An Act for the relief of Jean Fernand Georges Robitaille.
An Act for the relief of Marie Stella Gisele Payette MacRae.
An Act for the relief of Horace Henry Chapman.
An Act for the relief of Florence Berger Bassin.
An Act for the relief of Roland Edouard Levert.
An Act for the relief of William Cowie.
An Act for the relief of Nita Marjorie Hammerich Ward.
An Act for the relief of Margaret Kirsen Brown MacRae.
An Act for the relief of Margaretha Bernhard Cronauer.
An Act for the relief of Henry Rattigan.
An Act for the relief of Margaret Millar Short.
An Act for the relief of Mary Annesley Iverson.
An Act for the relief of Annie Drewniak Sonberg.
An Act for the relief of Celia Zlatkes Azeff.
An Act for the relief of Louisa O'Tool Shelley.
An Act for the relief of Miriam Schwartz Silcoff.
An Act respecting Gore District Mutual Fire Insurance Company.
An Act to incorporate Wesleyan Methodist Church of America in Canada.
An Act respecting a certain patent application of Claude H. Peters.
An Act respecting The New Brunswick Railway Company.
An Act for the relief of Theodore Zalopany.
An Act for the relief of Thelma Alice Warren Whittet.
An Act for the relief of Ethel Sangster Muir.
An Act for the relief of Kiril John Christo.
An Act for the relief of Helaine Ethel Leopold Lax.
An Act for the relief of Cecil Benjamin Pomeroy.
An Act for the relief of Paul Sanson White.
An Act for the relief of Mary Hope Beers Ross.
An Act for the relief of Wasyl Usypchuk, otherwise known as William Usypchuk.
An Act for the relief of Walter Stanley Spencer.
An Act for the relief of Emma Gertrude Groves Morris.
An Act for the relief of Gertrude Margaret Amy Ogilvie.
An Act for the relief of Myrtle Josephine Teel Odell.
An Act for the relief of Marjorie Helen Parker Leduc.

An Act for the relief of Margaret Derry Kirby.

An Act for the relief of George Thomas Bragger.

An Act for the relief of Freda Watson Norman Daniels.

An Act for the relief of Iris Mabel Dash Wilkinson.

An Act for the relief of Thomas Henry Dwyer.

An Act for the relief of Elsie Margaret Ormandy Henderson.

An Act for the relief of Arthur Charles Duffy.

An Act for the relief of Kathleen Edna Ellis Wainwright.

An Act for the relief of Diana Lenore Carsley Tenenhouse.

An Act for the relief of Charlotte Muriel Wright.

An Act for the relief of Sarah Carmichael Hay Johnston.

An Act for the relief of Margaret Georgina Isabel Townsend Mansfield.

An Act for the relief of Pasquale Di Guglielmo.

An Act for the relief of Theodora B. Ostlund Fruitier.

An Act for the relief of Erna Warthold Langlois.

An Act for the relief of Ruth Steinwold Lauer.

An Act for the relief of George Hodgson Fisher.

An Act for the relief of Molly Gurevitch Gladman.

An Act to incorporate Fundy Air Lines.

An Act to incorporate The Executive Board of The Canada Conference of The Evangelical Lutheran Augustana Synod of North America.

An Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1944, 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 War Appropriation (United Nations Mutual Aid) Act, 1943, and for granting to His Majesty aid for the purposes of the said Act.

An Act for granting to His Majesty aid for National Defence and Security.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

RECONSTRUCTION

ESTABLISHMENT OF DEPARTMENT TO FORMULATE AND CARRY OUT RECONSTRUCTION PLANS

The house resumed consideration of the motion of Mr. Mackenzie King for the second reading of bill No. 82, to establish a Department of Reconstruction.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I have no desire to detain the house any longer than is necessary for me to make a few remarks on this bill to set up a Department of Reconstruction. At the outset may I say that I do not believe I have ever before experienced such a tense house as I experienced this afternoon, when the Prime Minister (Mr. Mackenzie King) gave his official statement respecting some of our men who were among those who had been shot in Germany as they attempted to escape. Every heart here seemed to be hushed as we thought of it. I may say, too, that I think all hon. members agree with the Prime Minister when he says that such action should not be allowed to go by without punishment eventually being meted out to those who are responsible. I trust, too, that that punishment will be a penalty to fit the crime.

Some of us have boys in this war; some of us have lost sons in this war; some of us have sons who are prisoners of war, while others have sons who are facing the enemy on the seas, on the battle field and in the skies. Those brave lads who were shot gave up their lives for their country, and I trust that their sacrifice shall not have been in vain.

If the present administration are sincere in setting up this new Department of Reconstruction—and at the present time I have no reason to believe they are otherwise—and if they put their hands to the task and really attempt to bring about a new order in Canada which will give all men their security, and at the same time retain for all men their individual freedom, they will then have done something worthy of the sacrifices made by those young men.

The term "reconstruction" is something of a misnomer in Canada, because it appears to me that one cannot reconstruct something that is not broken down. So far as Canada is concerned—and the Prime Minister recognized this in his speech on the bill the other day—we have suffered no bombings. Our entire country is still intact. Our industries have already been built up. It will be a matter of transferring Canada from a war-time industrial nation to a peace-time nation. So far as reconstruction is concerned, I must say that I do not see what there is to reconstruct.

I believe, however, there is a great job we need to do. When I think of reconstruction I am wondering if the Prime Minister and his government are not a little bit behind the times. I can recall when as early as 1935 a certain well-honoured gentleman arose in this country and, recognizing that some reconstruction had to be done in those days of depression, brought into existence what was known as a reconstruction party. I believe that was the time when we had need to recognize that something was wrong in Canada. That was the

time when this government, the one now in office, should have set its hand to the task of making Canada what it ought to have been.

I know a good deal of reference has been made in this debate to the past. Hon. members, particularly those on the government side, have said, "Oh, well, that is all in the past; we do not want to know about that. We want to know about the future." But I am at a loss to know, and particularly as I analysed the speech of the Prime Minister, what there is he hopes to get in the future that he could not have had in the past. There must be some reason for reconstruction.

The strange thing about it is—and I suppose it is quite explainable—that there have come from all quarters of the country, and I suppose from other countries which have found themselves in similar circumstances, the recognition of a need for reconstruction. We have boards of trade; we have chambers of commerce; we have industrialists; we have committees of the House of Commons and of the government. Why are there all these demands for reconstruction? I think I can say they have their background in the experience of the past.

While I am talking about the many plans offered for reconstruction, may I, in passing, call the government's attention to a little book I hold in my hand, a book of only seventy-three pages, entitled, "A Report on Post-War Reconstruction Policies," and issued by the post-war policy committee of the Vancouver board of trade. I do not know if the government's attention has been brought to this book, but I would say that I have read it diligently and I declare that of all the voluminous reports I have read with respect to reconstruction I have never discovered anything containing such valuable information as does this small book. It was not issued by the Social Credit government of Alberta. It was not issued by the Social Credit party of Canada. It was not issued by the Social Credit group in the House of Commons. Rather, it was issued by a committee appointed by the Vancouver board of trade, and it does something that many post-war reconstruction reports have not done, in that it analyses the reasons for our trouble. It shows the defects that exist in our present economic and political system. It diagnoses the trouble and then prescribes the remedy. Before the submission concludes, a series of resolutions is presented for consideration. I state this in passing, because I am certain that the committee who worked hard and long on this problem—for they must have done so—have submitted something that I believe will solve Canada's problems in the post-war period.

Many reconstruction submissions which I have read dealt with certain things that Canada might do, what could be built and so on. Submissions have been made, especially to the reconstruction committee of parliament, as to the roads that could be built, the number of bridges that could be constructed, the number of irrigation schemes and what-not that could be carried out. The report of the Vancouver board of trade says nothing about that, it simply asks a fundamental question, how are you going to do these things? This report deals with a question which I have failed to see answered in any other submissions I have read so far.

I remarked a little while ago that it is strange that there are so many reports being submitted. I think the reason is to be found in the history of the past number of years, perhaps the last ten or fifteen. We all recognize that there was something wrong with what is termed to-day to be the hungry thirties. We all saw ourselves pass from a period of depression into a period of apparent prosperity. I do not know that Canada has ever had such financial prosperity as she has to-day.

People are now saying the obvious thing—it has been asked hundreds of times—"You could not find the money for peace, but you can now find it for war." I do not believe that any government from this day on will be able to offer the excuse that they do not know from where they can get the money. If ever the question arises again, surely the people of Canada will be wise enough to know that that answer or that excuse will not hold.

There is one little observation I should like to make right here. There seems to be the unanswerable question of why we had such a period of poverty in the midst of plenty. I have never heard any politician answer that; I have never seen an answer by any professors of the old school of economics. The fact of the matter is that the bygone, orthodox financial expert has not yet answered that one question. The Prime Minister has not answered it. Upon analysing his speech I believe I can come to the conclusion that successful reconstruction depends upon whether or not we can sell our goods abroad. If my logic serves me as I think it should, my other conclusion is that the only reason why we had a depression then was that we could not sell our goods abroad. I am not making that statement; that is the conclusion I come to from what the Prime Minister seems to have said the other day. I do not believe that is the reason at all. I believe the only reason why

we had those hungry thirties, the only reason why we lived in poverty when abundance abounded, was that the government refused to adjust its monetary policy in order that the goods that were available could be distributed adequately to the people of this country.

It always seems strange to me that apparently we have sufficient brains in Canada to tackle almost every problem except the one of finance. The other night Lieutenant Commander Todd gave members of the House of Commons a lecture on the invasion. I could not help feeling at the time that behind that huge fleet, that huge army and that huge air force were the brains that so strategically managed the whole campaign as to have it meet with the success it did. I thought of the genius that must have been behind it all. I think it is one of the greatest wonders of history. Yet we know that this genius is not confined to those who hold the rank of admiral, general or air marshal. Surely there is some intelligence in Canada. Are we to admit that we can solve every other problem but that of the distribution of our goods and services to bring our country to a place where it will have the highest standard of living possible in this world? Surely no one will deny that we have the genius for that. Surely it must be somewhere. Surely that problem is not beyond solution.

I should like to refer to *Hansard* of June 20 when the Prime Minister spoke on this debate, and analyse one or two of the remarks he made and attempt to point out some of the matters which I think need a little criticism and some others which need a little clarification. As reported at page 3980 of *Hansard* the Prime Minister recognizes that there is an aspect of reconstruction which might be termed economic reconstruction. In referring to this type of reconstruction he said:

> That has to do largely with the transforming of industry from making war supplies to making goods for human consumption and with restoring and increasing the capital equipment of the nation, together with the provision of employment for those who are being transferred from the one activity to the other. It is in connection with this economic reconstruction that the new Department of Reconstruction of the federal government will be primarily concerned.

The only reference of the Prime Minister to economic reconstruction is in connection with the transference over to a peace-time industry that will supply goods for human consumption. There is one thing sadly lacking in what I would term to be a description of economic reconstruction. Surely, if there is anything that needs to be reconstructed in order to get a vast amount of peace-time goods to our people, it is our financial arrangement which has never been able to do it. We have had the goods; we have the railways; we have the trucks and we have been able to get the goods right up to the retailer, but we have never been able to get them from the retailer to the larders and parlours and bedrooms of our homes. That is one thing that has been lacking in our economic system. If economic reconstruction is to mean anything, it must solve that one vital problem.

The Prime Minister is at the head of the present government, and surely what he says should be taken as having some authority as far as the Liberal administration is concerned. In all that speech there was not a single solitary stand taken or statement made as to what economic change must take place—actual economic change—actual change in monetary or fiscal policy—not a single suggestion.

I go along a little farther and here, at the top of page 3981 of *Hansard* the Prime Minister is dealing with markets, and repeating what he said a few days ago:

> Markets must be found and retained for our greatly increased food production unless we are not to face an agricultural depression.

Then farther on he says:

> First and foremost—

I want you, Mr. Speaker, to get those words.

> First and foremost there is the obligation to ensure the establishment of what may be most effective in the way of world organization for peace.

Then, after saying that this comes under the Department of External Affairs he says:

> Probably more than any other single question requiring attention in the post-war period will be the securing of wider markets and the extension of trade.

That may sound very well and good to the man who may not be thoroughly alert. But let me ask this question. Suppose this country is not able to gain the foreign markets that we require in order to sell our surplus goods—and no one is so foolish as to believe that every other country in the world will not be looking for the same thing, so that it will be the same old story over and over again and we shall find that foreign markets will not solve our problems for they never have before, not in this modern age, and I do not believe they ever will again—suppose we are unable to get the foreign markets we require, then what? There is absolutely no answer, Mr. Speaker. I repeat, then what? No answer.

Mr. BLACKMORE: From the Prime Minister.

Mr. HANSELL: My hon. friend the member for Lethbridge says that there is no answer

from the Prime Minitser. Of course, we in this group have the answer; never worry about that.

Mr. BLACKMORE: They will find that out after a while.

An hon. MEMBER: When?

Mr. BLACKMORE: When you have bumped your heads a little more.

Mr. HANSELL: As some one has said, if people have to suffer in the post-war world, if they have not suffered enough already, it is their God-given right to suffer more. But we do not want them to. We believe that there is a solution of this problem and that that solution is not to be found in foreign markets. I am not saying that we do not want foreign trade, but I say that there is much ado made about this foreign trade business. It seems strange, does it not, that we have to feed the world before we ourselves can eat? But that seems to be the philosophy held by a lot of people who talk so much about foreign trade.

The Prime Minister in his speech also made considerable mention of cooperation by the provinces with the federal government. I shall read this one passage from his speech as reported at page 3981 of *Hansard,* where he said:

> In times of peace, on the other hand, we have to strive, in carrying out any policy, to get the good will and effective cooperation of every province, as well as carrying out our own work. I hope and believe, as a result of what has happened during the past five years, and of the cooperation which the federal government has had in large measure from the provincial governments, that following conferences still to be held between the provinces and ourselves we shall be able to work out some means whereby we can, in the period after the war, secure still greater cooperation for the benefit of all.

I do not know whether I am right in reading between the lines there, but I should like to make sure to-night that the Prime Minister is not putting the responsibility for this whole post-war picture on the shoulders of the provinces. I hope he has not in mind here that if one or two provinces refuse to accept his proposals at the forthcoming dominion-provincial conference he will turn around and say: We will see what the country has to say about this. That would be an extremely good excuse for bringing the representatives of the provinces here. I trust that the Prime Minister has no such motive.

I wish to say this in connection with provincial governments. The more that power is taken away from provincial governments and put into the hands of a powerful central government, the more is power taken away from the people. Let that be stated in unequivocal terms. The fact of the matter is that you get nearer to the people when you get out to their local governments. The more that provincial governments take responsibility away from the municipal governments, the more is power taken out of the hands of the people. I say this, too. When the hon. member for Essex East (Mr. Martin) the other night brought into the picture the Rowell-Sirois report which one or two provinces refused to accept, the tenor of his argument was that there was no cooperation. Well, why not? Simply because the Rowell-Sirois report to all intents and purposes would have placed more power in the hands of a centralized government and taken it away from the hands of the people, and one or two provinces would not bow down to that sort of thing. The strange thing about the Rowell-Sirois report, which in the end would have established more centralized power and more centralized control, is that it had every banker and every chamber of commerce behind it, and they sent out their literature and arguments to the various boards of trade which did not know what it was all about and which followed in father's footsteps. All the big chain newspapers were for the Rowell-Sirois report and all the big industrialists and, without mentioning any names, a good many politicians were also for it. I say that if this government at the forthcoming dominion-provincial conference attempts to take power away from the provinces, this group is going to stand by the provinces in their argument to retain their power for the reason that their power is more abundantly the people's power.

Let me ask this question. I do not suppose I shall get an answer but it does not make any difference. The central government, namely the government here at Ottawa, have complete control of our monetary system; at any rate they are supposed to have; no other government has it. Am I to be told that this government will not receive the cooperation of the provincial governments if it says to them, "We will see that you get all the money necessary to make financially possible what is physically possible and desirable in your province"? If the government said that, does anybody believe that the provinces would not cooperate? Certainly they would; there is no doubt about that. It is all a question of whether the dominion government is willing—I am not going to say "able"—to make financially possible that which is physically possible.

The other evening, while the Prime Minister was speaking, the hon. member for Lethbridge (Mr. Blackmore) interrupted him—

rightly so, I believe—by asking him where he was to get the money; was he to get it without increasing our debt? I am not going to enter at this time into all the Prime Minister's argument; but I ask him if, some time when he goes home and cannot sleep very well at night, he will turn to page 3987 of *Hansard* and analyse his answer. He went all the way round but he never touched the question. Finally he wound up his explanation by talking about a man having a family and, of course, he would need a home, and of course the home would have to be furnished, and so on. But is that a new condition which has suddenly come upon the scene of this world's economy? It seems to me that that has always been the case. Was it not so in the hungry thirties; was it not even so in the days of those two renowned people known as Adam and Eve? Is this part of a new idea? Is this part of the new order? I should like him to read what he said. I quote from *Hansard,* at page 3988:

> That is the way progress is made, through demands which arise from conditions of peace and prosperity;—

Let me ask him, how can a man make a demand if he has not the money? I know the Prime Minister has studied this subject, and I am positive he knows there is never enough money coming out of industry to buy back all the goods it produces. The Prime Minister continued:

> —and where you get demands of the kind which lead to the fuller employment of labour I do not think my hon. friend need fear about the increase of the public debt or taxation. . . .

Imagine that! The only answer is, "My hon. friend does not need to fear." Well, I say to-night that here is one who does fear that if we are not going to change our monetary policy, if we leave it to business, to industry—all well and good in its place—to sell its goods when people have not got the money to buy goods, we shall go back once again into the hungry thirties. But, oh no, the answer is. "Don't fear, my boy, don't fear; everything is all right; everything is going to be under control."

One other thing I should like to say here. I do not know whether the Prime Minister intended this as a promise or not, but he said, as reported at page 3988 of *Hansard*:

> . . . I believe the nation can go ahead with the great work of construction and reconstruction and at the same time reduce its taxation and reduce its debt.

He added:

> That at least is what I would hope to do if this government is in office when that period comes.

I do not know whether that is an election promise, but I am going to mark that page for reference when I come back here in the post-war period—and I shall come back.

Mr. MITCHELL: The hon. member is just bragging now.

Mr. HANSELL: I say that I shall be here if the Prime Minister is.

Mr. CASTLEDEN: You are working together, eh?

Mr. GRANT: Do you intend to turn Liberal?

Mr. JOHNSTON (Bow River): Who will? I have not found any in my part of the country; there are no such animals out there.

Mr. HANSELL: Since I wish to refer to one or two other things and I have only a minute or two to spare, I must hurry along.

As I have looked over these speeches I declare that the speech made by the hon. member for Jasper-Edson (Mr. Kuhl) has not yet been answered by his critics. Two or three hon. members have referred to it, but they have not given him an answer. What did the hon. member for Essex East say? I turn to page 4015 of *Hansard*:

> I am satisfied that no longer will our people go and receive a dole without at the same time receiving work for which they will be remunerated. Our people will not want to subscribe to the doctrine of the hon. member for Jasper-Edson.

The hon. member for Jasper-Edson never advocated any relief roll or what was commonly known in the relief days as a "dole." What he recommended was a reduction in the hours of labour and a national dividend to make up the purchasing power which was always lacking to buy back our production. When the hon. member for Essex East assumes to say what "our people will not want," is he speaking for our people? How does he know? He must be one of those three tailors of Tooley Street whose manifesto began, "We, the people of England." I want hon. members to get the logic of this:

> Our people believe in the dignity of work They do not want to be idle.

Who said they want to be idle?

Mr. GRANT: The hon. member for Jasper-Edson (Mr. Kuhl).

Mr. HANSELL: He never did. What we believe, and what the hon. member for Jasper-Edson said, is that work by compulsion from anyone at the top is something which takes away man's freedom, and that with the advent

of technological skill the hours of labour could be reduced by scientific methods to four hours a day. The hon. member for Brant (Mr. Wood) asked, "How would I milk all my cows in four hours?" Can you imagine the logic of that?

Mr. CASTLEDEN: How does he do it now?

Mr. HANSELL: If he wants to work more than four hours that is his affair. We do not care if he pulls—

Some hon. MEMBERS: Oh, oh.

Mr. HANSELL: I am sure hon. members do not mind if he milks cows all night if he wants to. We are not going to object to it.

Mr. CASTLEDEN: Five hundred pulls for one cent.

Mr. HANSELL: I see that my time is exhausted.

Some hon. MEMBERS: Go ahead.

Mr. HANSELL: I was only going to say this, that anything that is done to the people of Canada by compulsion from anyone else at all is the absolute antithesis of a Christian democracy. When man was created he was endowed with freedom of will to choose; and every satanic system which has been brought about since the old boy entered upon the stage has contained some device to take that freedom away from him.

Mr. JOHNSTON (Bow River): Even the Liberal party.

Mr. HANSELL: The only way to retain that freedom among men is for them to be able to choose to work at the work they want to do, and to be free to refuse work if conditions are undesirable. The man himself should be able to decide that, and if he wants to turn his talent to the writing of a concerto or the painting of a picture, then he should be free to do so. Compulsion brought to bear upon anyone by any other person is satanic. If it is natural compulsion it is different; but if it is compulsion exercised by any human individual over another it is satanic and I care not whether it is done by Liberals, Progressive Conservatives, the C.C.F. or Tim Buckism. If it is done it is satanic. A glorious Christian democracy is that which gives mankind the blessings the Creator has bestowed upon them and at the same time gives them absolute freedom. I thank you, Mr. Speaker, for your patience.

Mr. NORMAN JAQUES (Wetaskiwin): I should like to associate myself with the ideas expressed by the speaker who has just taken his seat (Mr. Hansell) and with the observations of the hon. member for Jasper-Edson (Mr. Kuhl). I have listened to this debate and to the other discussions on reconstruction and to what is called the new order, and all that it amounts to, so far as I can see, is that everybody is to be put to work. If there is anything new in work, I do not know what it is. Surely work is the oldest order in the world. But when the state undertakes to put everyone to work that is new; it is state socialism, and it does not matter whether it originates on that side of the house or in that corner of the house. It is state socialism just the same and you are all going the same road.

The hon. member for Essex East (Mr. Martin), referring to the hon. member for Jasper-Edson, made this statement:

> Our people will not want to subscribe to the doctrine of the hon. member for Jasper-Edson. . . . Our people believe in the dignity of work.

Exactly. Well, is there any dignity in slavery? Is there any dignity in work performed by a man who is compelled to work, unless from natural causes? If there is, then surely slavery was the noblest institution we have witnessed, and the slave was the noblest of mankind. We know, however, it is not so. Natural dictatorship and the struggle against it is an ennobling thing; nobody denies that. But the Almighty, or Providence, has permitted mankind through science and so forth, to make it possible to lift the burden of a struggle for mere existence from the backs of mankind. And when human beings step in and presume to take the place of the Almighty and to say to men, "You shall work or starve," that is dictatorship and it does not matter whether it is called Liberalism, Progressive-Conservatism, C.C.F.ism or Tim Buckism. It is all the same and it all originates from the same idea, or philosophy. What differentiates not only our group but our movement throughout the world, particularly in the British empire, the movement known as social credit? It is this. We believe in voluntary effort. We believe that the time has come when it is no longer necessary to impose a struggle upon everyone for the bare necessities of life. That has been solved. Struggle there must be, but the struggle should be lifted to a higher plane than the mere struggle for existence. We have always advocated dividends for all and that has been ridiculed. First of all, the question was raised, where would the money come from? Well, at the present time over fifty per cent of the production of this country and of our allies is being given—I say given because it is given in the form of munitions—to Germany

and our other enemies. That is a national or if you prefer, an international dividend. We ask nothing in exchange. As a consequence of that, even though the cream of the nation is either in uniform or in munition factories, while essential retail goods and the necessities of life are being produced by the very young and the very old, in spite of that fact, and that we are giving away over fifty per cent of our production, right out of the country, the present standard of living in Canada is higher than ever before.

I know there are certain inconveniences and restrictions, but I think I am right in saying that, if you average Canada right through, the present standard of living is higher than it ever was before. Certainly it is a great deal higher than it was for the ten years preceding the war. The reason for that is surely obvious. The problem of marketing has been solved. There is no trouble about marketing and therefore there is no trouble about producing. And if you solve the problem of consumption you automatically solve the problem of production. I might say, in passing, that the paying of a dividend is not new. Not only is the idea of it not new, but as an actual fact it is not new. I have here a book entitled, "Monetary Experiments", by Richard A. Lester, and in a foreword by Professor Kemmerer the following appears:

> This study is one of a series being published under the auspices of the international finance section of the Department of Economics and Social Institutions in Princeton university.

This book is published under the auspices of the university of Princeton, and in the chapter headed, "Social Dividend in Maryland", I read:

> When Maryland first issued paper money in 1733 most of it was given away—a certain sum to each inhabitant over fifteen years of age. This was done in order that the paper money might be "the more useful to the inhabitants" and its circulation might be "as speedy and diffusive as possible." The legislature hoped by this means "to remove the difficulties under which the inhabitants had long laboured." In a sense this was a sort of "social dividend" similar to that advocated by Major C. H. Douglas in his books on social credit.

At the end of the chapter there are a few words which sum up the experiment, and they are as follows:

> From his detailed study of forty-five years of money in Maryland, Professor Gould concludes: "Considering the peculiar benefits to grain and tobacco culture, the conveniences offered to trade, and the faithful redemption of every shilling at face value, it is hardly too much to say that this was the most successful paper money issued by any of the colonies."

It can be seen that the national dividend is not even new; this was done before and it was a great success. To those who, like the hon. member for Essex East and others, have been so fond of saying that it would demoralize and pauperize the people, I would say that it was the recipients of that dividend who a few years afterwards fought and won the war of independence.

I shall now quote a few lines from Douglas himself. He has this to say on state socialism:

> State socialism is based on the premise that, firstly, the control of policy is resident in administration, and, secondly, that it is possible to "socially" control administration, and thirdly, that the state should be able to supply economic pressure to the individual; whereas I suggest to you that the control of policy is resident in credit, and its financial derivations, of which money is one, while administration is a technical and expert matter not susceptible of being socialized, and, lastly, that the only possible method by which the highest civilization can be reached is to make it impossible for either the state or any other body to apply economic pressure to any individual.

That is the reason for the dividend. It should be obvious to any thinking person that the world is coming to the parting of the ways. People speak of a new order. We believe in a new order. A new order should mean individual freedom. After centuries of struggle we have won political freedom but the world has not yet won individual economic freedom. The only offer that I have any knowledge of from any other movement but our own is this: People are being offered economic security at the price of individual freedom. That is what they are being offered. That is what they were offered and received in Germany, Russia and Italy. That is what they are being offered to-day not only in Canada but throughout the British empire. The so-called new order is state socialism. It is based, not on individual freedom as it should be, but on collective security at the price of individual freedom.

Quite recently the hon. member for Jasper-Edson was criticized for a statement he made about the leisure state. We well know that there is no room for a leisure state in war time. That is one of the reasons why war is hell. There is no leisure. But surely after the war is over and when the worst of the damage of the war and the waste of war have been repaired we should look to the ideal of a new order, and that should be toward a leisure state and not a work state; that is, work for the sake of working. Major Douglas has this to say on that subject:

> The more the maintenance of life can be shifted from the backs of men on to the backs of machines, the more important it is to find a creative outlet for the human energy released, and the more certain is it that a considerable portion of this energy will, without compulsion,

be devoted to the improvement of the industrial machines. That is to say, that if a practical policy based on these considerations be pursued there will be a fall in the man-hours required for routine or operating work, and a consequent rise in the man-hours available for design and research work. The industrial machine is a lever continuously being lengthened by progress which enables the burden of Atlas to be lifted with ever-increasing ease. As the number of men required to work the lever decreases, so the number of men set free to lengthen it increases.

I shall read one more quotation from Major Douglas on the leisure state. It is as follows:

If we assume that the constant effort to reduce the amount of labour per unit of production are justified, and we recognize the unquestionable fact that the genuine consumption capacity of the individual is limited, we must recognize that the world, whether consciously or not, is working towards the leisure state. The production system under this conception would be required to produce those goods and services which the consumer desires of it with a minimum and probably decreasing amount of human labour. Production, and still more the activities which are commonly referred to as business, would of necessity cease to be the major interest of life and would, as has happened to so many biological activities, be relegated to a position of minor importance.

This movement of social credit is a great deal more than a mere method of finance. Monetary reform is not enough. Social credit is a philosophy of life, and the financial part of it is merely the means to gain the ends of the policy. The basic philosophy of social credit is freedom for the individual.

There are only two methods of production in the world—there can only be two—compulsion and persuasion. So far, the world has been more or less under persuasion. If there has been compulsion it has been imposed by Providence, by God or by Nature, whichever you prefer. But that has been overcome, and now we are threatened with production by compulsion—a compulsion imposed, not by nature, but by individuals who have assumed powers which, rightly, belong only to the Almighty. That is, in my opinion, the essence of all dictatorships.

We propose that everybody should be guaranteed—every man, woman and child—at least the necessities of life, whether they work or not. I do not mean to say that this would apply, of course, in war time and probably for some time after the war; but it is an ideal to guide us. All work would be voluntary, and that would be a noble thing. As I said before, I see nothing noble in being compelled by the state to work at a task which one must accept or starve. That condition is all right when it is imposed by nature. But that condition we have overcome; the problem is no longer one of production. As every speaker has said, consciously or otherwise, the problem is to market, to sell, if you like, or to distribute what we now can produce in such large quantities.

Therefore there is no longer any reason why all work should not be put on a voluntary basis. We could begin, of course, by lowering the age for pensions, and increasing the amounts. Perhaps we could raise the age for the education of youth. We could shorten the working time at both ends. The ideal should be toward a leisure state, with work freely done and not imposed by a dictator.

I hope hon. members will not deliberately distort what is said by members in this group. I suppose there is not a member in the house who has a family who does not regard it as his duty—and rightly so—to leave his family as financially independent as possible. I am sure that would be the first care and the first instinct of every father and mother in the house. If that is right, then surely that is the very best thing we can desire for our own children. Therefore, in the long run, it must be the very best thing for all children, and all people.

Of course it has never been possible, so long as the world was in a state of real scarcity. But in this day and age, when as a result of the war we shall have immensely increased our powers of production, the problem will not be one of production but, as has been said so often, one of markets. Some say that we shall have to give away to foreign countries a great portion of our production, through a favourable balance of trade and foreign lending—which is the same thing as giving.

I believe that charity begins at home; and if it is necessary—and I am sure it is—to give away part of our production, because there is no other way of getting rid of it, then I contend that we should set a good example in our own country and pay ourselves some dividends. If we did that, it would not be long before the world would follow our example.

Mr. D. KING HAZEN (St. John-Albert): Mr. Speaker, the word "reconstruction" is given a wide meaning in the interpretation section of the bill. It includes every undertaking by dominion, provincial or municipal authority or by any corporation or other person that may contribute to the reorganization of industry, in order to provide maximum production and full employment during and following the change-over from war-time production of industry to peace-time production.

I should like to take the opportunity this definition affords me to bring to the attention of the house very briefly a matter which I

believe is of importance, if some of our reconstruction and interprovincial problems are to be considered and dealt with intelligently. It has to do with the lack of reliable information available respecting trade between the provinces.

If I were to ask the bureau of statistics for figures showing the trade between New Brunswick and Saskatchewan, or between any one province and any other province, the information would not be available. The bureau of statistics does not have such information. It seems to me it is important that such records should be kept, if we are to have a true picture of interprovincial business. Unless we have those records, it is impossible intelligently to study and discuss some of the economic problems and reconstruction problems which will arise after the war. Until such information is available we shall be travelling in the dark, and it will be impossible for us to obtain a true picture of Canada's interprovincial business. I am informed that this information could be obtained by the bureau of statistics and that it would not be difficult to obtain, although it would involve an additional expenditure of about $10,000 a year.

On April 7, 1926, the governor in council appointed Sir Andrew Rae Duncan, the Hon. W. B. Wallace, then judge of the county court of district No. 1, in the province of Nova Scotia, and Professor Cyrus Macmillan, Master of Arts and Doctor of Philosophy of McGill university, to be commissioners under the Inquiries Act for the purpose of conducting an inquiry into the conditions and claims of the people of the maritime provinces and to make such specific recommendations as in the opinion of the commissioners would result in affording relief from the conditions complained of. Mr. F. Maclure Sclanders, commissioner of the Saint John board of trade, acted as secretary of the commission.

The commission's report is dated September 23, 1926, and in it the commissioners urged that a system of statistics should be made regularly available from as early a date as possible on the trade of the maritime provinces with other provinces and with foreign markets as well. Section 39 of the report deals with this matter, and I should like to read the first and third paragraphs thereof. The first paragraph reads:

> We have had brought before us the lack of any comprehensive measurement of the trade of the maritime provinces with other provinces and with foreign markets. We were ourselves disappointed not to be able to pursue investigations on trade matters along lines which such statistics would have enabled us to do. We found on inquiry at the dominion bureau of statistics that consideration had been given some time ago to this very subject but, mainly through lack of organization in the statistics relating to certain phases of transportation, it was not possible to proceed with the plans that had been formulated. We strongly urge that these difficulties should be overcome, as they can be, and that on this phase of internal trade a system of statistics should be made regularly available from as early a date as possible.

The third paragraph reads:

> With regard to the general function of the bureau of statistics, we venture to draw attention to the importance of providing a comprehensive statistical organization in a country situated as is Canada with a series of provinces differing often in economic outlook. Very considerable progress has already been made in this direction, but we feel the bureau could be increased in efficiency by being given improved facilities for the kind of organization it is necessary to develop as an independent central agency covering the activities of all departments from the statistical side.

It has been suggested that the reason why this recommendation was not put into force was that representatives in the house from Ontario and Quebec objected because it would show the trade among the provinces to be in their favour. I do not consider that is the real reason, because I have always found members of the house from Ontario and Quebec ready and willing to give a sympathetic hearing to the other provinces in order to endeavour to find a solution of their difficulties.

Until statistics on this trade are obtainable we shall be travelling in the dark. It is not possible for us to obtain a true picture of our interprovincial affairs or to make an intelligent study of them until these figures are made available to us. I ask the government to implement this provision of the Duncan report and to take steps to see that statistics of trade between the different provinces are made available.

Mr. A. R. ADAMSON (York-West): Mr. Speaker, I have listened with a great deal of interest to this debate with regard to the setting up of a Department of Reconstruction. The more I have heard, the more it has become apparent to me that reconstruction is largely an engineering problem. I happen to be an engineer, and perhaps I can take some of the time of the house to express a few views which are diametrically opposed to some of those expressed by my hon. friends to my extreme left.

The definition of an engineer has been given as a man who can do something for a dollar which it would cost two or three dollars to have done by somebody else. If an engineer is given enough time, enough money and enough men he can do practically anything. Chauncey Depew has said that, given those

three things, he could build a railroad to the north pole. Many of the plans that have been discussed in this house and have received publicity in the public press more or less fall into the category of building a railroad to the north pole. They seem to be very fine in debate and they look all right on paper; but having lived all over the world, having made my living in several countries besides Canada, perhaps I may be excused when I say that a great deal of what has been said is impracticable.

I am going to deal directly with the financial set-up, which has been mentioned in this house at considerable length. If we look at the beginning of chaos in the world we shall see that the first inevitable step toward this war started with the so-called managed currencies. We have the statement of Sir John Anderson in England that the beginning of Great Britain's chaos was with the adoption of the gold standard. That, I submit, is wholly inaccurate. With all due respect to Sir John Anderson, I take issue with him. England returned to the gold standard on the basis of the pre-war price of $20.67 an ounce, with a tremendously inflated currency and a tremendously inflated national debt. To say that that was a return to the gold standard is technically correct, but actually it was a return to an exchange standard between paper currency and metal which could not work because the paper was so tremendously inflated. That is the situation with regard to the adoption of the gold standard in England. Let us see what happened.

Despite everything that has been said, we in this country depend, whether anybody likes it or not, for our prosperity upon international trade, and when the war is over we shall depend for our prosperity a great deal more upon international trade. One fundamental about international trade, particularly forward trade, is that the buyer and the seller can deal in a standard whose value will remain constant when the contract is carried out. Throughout the centuries that has been the fundamental rule of success in international trade. Nothing has altered; nothing will alter.

We see that to-day we have a managed currency. All currencies are managed, fictitiously managed, with relation to the price of gold. In the United States they will purchase gold but not sell it at $35 an ounce, but on the free gold market both in Alexandria and in Bombay gold to-day sells for somewhat over $70 an ounce. The house may consider this an academic question but it is far from it. It means that the great bulk of the people with whom we shall have to trade, the great centres of population which are in the orient still have hard currencies. They believe and throughout years of bitter strife they have found it true that gold is the one thing they can trust to and to-day, despite the fact that large sums of United States currency are circulating in the orient through the American troops, United States currency is at a very great discount and the Americans have had to resort, so I understand, to two types of currency known as the blue seal and the yellow seal.

The pound sterling is an internal currency except in the controlled parts of the sterling block to-day. Its value outside England is extremely variable. Special invasion currency was issued for the attack in Normandy. I mention this because the United States dollar and the pound sterling are to-day, in the minds of the great centres of population in the orient, losing their intrinsic value because they are not convertible into a metallic base. Those are the facts. We may or may not like them. But all history shows that experiment after experiment has been made in fiat money from the time of Marcus Aurelius right down to the present day and it has inevitably brought chaos.

I mention this, Mr. Speaker, because I have lived in two countries where managed currency led to inflation, where I saw great poverty and tremendous distress caused by the printing press. One of those countries was Germany and the other Brazil. One of them after the last war was poverty-stricken; or the Germans said they were. The other country was Brazil, rich in natural resources. Both suffered from inflation, and the people, the workers, were the ones who suffered. I want to make that very clear because I have experienced inflation in those two countries and I know what it means.

It is said that the Americans have or had a hoard of gold which would never be of any use to them. But in the last three months the United States treasury has lost in the neighbourhood of $166,000,000 of gold for external purposes, and that despite the imports and the purchases she has made from Canada and other gold-producing countries which sell to the United States. Furthermore, their gold currency coverage which was over ninety per cent a year ago has dropped to slightly over sixty per cent and it may now be less than that. That is what is happening to the American gold. The American gold is one of the most useful assets the United States has ever had, as was our gold at the beginning of the war, as was admitted by Mr. Graham Towers, who said that Canada's gold saved Canada's bacon in the first year of the war.

We talk about divorcing ourselves from managed currency and having the printed dollar. If I thought it would work, I would advocate it.

Mr. BLACKMORE: Is it working in Canada? There is not a dollar of gold behind our money.

Mr. ADAMSON: We have no international payments at the present time. I have experienced personally the results of the printing press and because of this bitter experience I am speaking in this house to-night.

Mr. KUHL: The printing presses ran wild in the countries you are speaking of.

Mr. ADAMSON: I have seen the printing press start off quietly with just a little inflation. I saw this happen in Brazil. It did not run wild. It happened first with regard to the sale of some securities to build a railway. They found it was easy, and they liked it. It started off quietly, but then in a little while the milreis dropped from thirty-two cents to about six cents and no government could stop its descent. Unemployment became a serious problem and poverty, strikes and eventually a revolution followed the resort to the printing press. I saw that; I experienced it, and it is because I saw it happen in a rich country like Brazil, a country full of natural resources, that I am speaking here to-night. It is one of the most dangerous philosophies that we could accept here in Canada.

Mr. KUHL: There is such a thing as the right amount.

Mr. ADAMSON: They thought they were going to have the right amount. Everybody thinks they are going to get the right amount, but I have yet to know of a case where they stopped at the right point.

Mr. JAQUES: Well, you could not fight a war on that principle; at any rate you could not win a war on it.

Mr. ADAMSON: I have brought this up, as I said before, because this debate has taken a turn toward finance. As an engineer I have seen what happens to my profession; I have seen what happens to construction, housing and the like when the people of the country lose faith in the currency of their country; and they will lose faith again just as soon as we begin to print money without security. Bad money drives out good.

Mr. KUHL: You see what happened under deflation.

Mr. ADAMSON: That is the issue which faces us to-day. In considering all these plans, excellent though most of them are, we must remember that our future depends upon the development of the natural resources of this country and the increase of our trade. We cannot live by any specious theory of finance. That was not the way by which the pioneers of Canada built up this country; and we are to-day, because of the peculiar idea that we can live on the state, headed either for state socialism or chaos.

Mr. HARRY R. JACKMAN (Rosedale): Mr. Speaker, in rising to support the bill by which the Department of Reconstruction will be set up, I cannot be certain, nor do I suppose any hon. member can be absolutely certain whether it will have any great usefulness. It may result in merely a fact-collection agency; and its usefulness or otherwise cannot be foretold in advance of the events which will follow upon victory in this war.

Nevertheless, this Department of Reconstruction may perform a useful purpose, and with that possibility in view I am glad to support it and to advance certain suggestions to which I think the Prime Minister (Mr. Mackenzie King) might give consideration.

It may well be that when victory is assured to us we shall find that our job will not be to provide work for people; on the other hand it may be a job for the government to put a damper on an incipient boom. We have, stored up in the hands of the people, a tremendous amount of savings, much of which cannot be spent at the present time because there are not civilian goods on which to spend them, and we shall see what will be the result, when the war is over, of this great unleashed amount of money which is available for consumer goods. It is, however, well to be in readiness in case there is unemployment and it is necessary to stimulate production and consumption in this country, and it may, therefore, be that the Department of Reconstruction will have a useful and important purpose to serve. In any event, the readjustment and rehabilitation will not be automatic, even if the natural demand for workers is sufficient to absorb all those who are willing to offer their services in the industrial and agricultural and mining fields of this country. However, that natural demand, if it is sufficiently great to absorb them all, is not likely to be facilitated or expedited by the setting up of this department. There is bound to be a time lag between the rehabilitation and the demobilization of the men and women from our forces and from our industries before they are placed in civilian goods industries.

As I understand it, it is not the policy of the present government to create jobs, either through public works or other expenditures

of public moneys, if the natural working of the economic system is sufficient to give our people employment. One does not know whether the ministry of reconstruction will become a mere repository and exchange of information having to do with jobs, or whether it may have a general overriding power over other departments of the government which are specifically charged with carrying on certain projects. It will undoubtedly face a delicate position, because it will have a great deal to do, if it does have any function to perform at all, with other departments of the government and also with departments of provincial governments.

For example, the Department of Reconstruction would undoubtedly know about the amount of money and the amount of manpower involved in government projects of one kind or another. It would also likely know of the amount of money and manpower involved in the major private undertakings throughout the country. But I do not see how it could possibly know of the millions of private projects which will be undertaken by our citizens, whether they be the building of homes or the purchase of durable articles. That information, which is of the greatest importance, cannot be known or even estimated with any reasonable degree of accuracy by a department of reconstruction, and to some extent, perhaps to a very large extent, that deficiency will vitiate the work of the department itself. How is the department to know how individuals are going to spend their money? Will they spend it on homes or on autos, on taking out a new insurance policy or on a vacation, or will they, because of lack of confidence in the immediate future after the war, decide to hold whatever cash or victory bonds they have and refuse to spend their savings and thus take that money out of circulation?

What I should like to emphasize particularly is that the government should indicate what is to be the driving or motivating force in our workaday life in the post-war period, what is to be the machinery which, as they say makes the clock tick. Are we to have government direction and regimentation, being told what to do and unwilling to do more than our assigned tasks because there is no reward or incentive to do more than the minimum? Or are we to operate as free men under rules and regulations which are imposed by the government but which will guarantee opportunity and fairness to all our people? The answer to that problem strikes at the great question which confronts us all, as to whether we are to have a socialist state in Canada, or whether we shall operate under the system of free enterprise and individual initiative.

To-day the market is provided by the government for all our agricultural and industrial production. The government pays the whole bill and provides the incentive through paying whatever is necessary to produce the goods. There is little regard to cost, as we see by the evidence in the war expenditures committee, where some shipyards produce a 10,000-ton freighter at one price and others at a higher price. The important thing in fighting a war is to get production. Costs mean little and profits or earnings less. You must produce the goods in order to win the war, and whatever consequences fall in the wake of that must be considered in the later period and not while the fighting is going on.

Fortunately, the financial and economic system has been strong enough to stand the strain to date, and although we live and learn, speaking in terms perhaps of years, we do not know how much longer the system can stand the strain which is at present imposed upon it with the steadily mounting debt and the charges and other regulations attendant thereon. If we do not have a regimented, totalitarian state, then we shall have a free economy where every man will be his own master, able to choose the vocation or job which he wishes. May I point out particularly to the house that the greatest stumbling block to a return to the system of free economy is the present taxation and fiscal policy of the country. No better means could have been devised to bring about a socialist state than the present taxation policies of Canada, and if they are continued there is no question that free enterprise and initiative will expire.

At the outbreak of the war, taxation was used as the instrument to stifle civilian production, which was literally choked off. Certainly there should not be an increase in civilian production brought to the market to any greater extent than will enable our people to live in a reasonable degree of comfort. Certainly there should be no increase in standards. Wages were stabilized in civilian industries but certainly not in war plants, where workers were doing jobs at higher rates and war plants were attracting workers from ordinary fields of industry. We have only to look at the aircraft industry to find a typical example of the process. That was all to the good. But the reverse situation will obtain in the post-war period. No longer do we want to strangle civilian production. On the contrary, we want to cancel all war production and to turn all our man-power to production

for civilian use. We shall turn from production to kill to production to live. It is, therefore, logical that we should reverse the process which we adopted at the outbreak of the war whereby we raised taxes to prohibitive levels, particularly on business, and to a large extent on individuals also.

Unless that is done, initiative and the motivating force which we have always had in a system of free economy will be lost to us and we shall lose that freedom which so many of us prize. At the present time the minimum tax on business is forty per cent; if that business earns more than the average earnings during the 1936-1939 period, the tax is 100 per cent; then whatever is left after that may be distributed to the shareholders, and they are taxed in their particular brackets at anywhere from thirty per cent to ninety-eight per cent. So that it does not take more than simple arithmetic to realize that there is no possible incentive for one to engage in business or to expand, or even for an individual who is not in business or corporation brackets to earn more money, because the brackets are so high that it is not worth the extra effort.

We find that not only in the upper brackets, whether they are connected with the war effort or not, is it no longer profitable to do this, but workers in the factories do not find it profitable to work the sixth day because that puts them in the higher brackets for the whole week's wages and there is so little left of the sixth day's wages that it is not worth while working. The consequence is that the nation loses production, and the Department of National Revenue loses what it might otherwise have obtained had the taxation been more reasonable.

It may be that such a system is necessary—I will not say that it is, but this is not the place to debate the question—during a period of war, but certainly during peace time and during the great conversion period after the war we must not have such conditions obtaining. There is nothing more important for the Prime Minister to announce than the government's intention with regard to post-war taxation; for the power to tax is the power to destroy, and that is what is happening as far as civilian production, particularly new production, is concerned. And rightly so, at the present time, because we have a war to carry on and we do not want more goods for civilian use. But companies as well as individuals must know whether they will be compensated for the risk they have to undertake and the enterprise and management they must contribute in the post-war period, and particularly is this so of new businesses.

[Mr. Jackman.]

Some government officials have left the impression that it would be their recommendation that taxes after the war should be substantially reduced. We are all aware that the treasury will need revenue in the post-war period, but it would be foolish to kill the goose that lays the golden eggs. People must know where they stand in the matter of taxation. While the question is important to all, it is of the greatest importance to those who are engaged in business to provide leadership through which jobs are created. Canadian citizens not government departments are going to do the major planning in this country, and it is time to think now of the deciding factor of post-war taxation; otherwise there is no use in having government commissions and boards and other public bodies set up to decide how much work can be created, how many jobs can be provided, how much capital expansion there may be. What we need is a clear chart so that business will know whether it can undertake new things and whether there is sufficient incentive for them, because unless there is some compensation for the risk involved there is not likely to be much go ahead; the green light is not likely to come on as far as business is concerned.

It is not necessary to bring to the attention of the house this fact, that not only does a nation perish without vision but that without leadership the nation is lost. We must, therefore, provide a chart whereby leaders in business and industry can guide their future plans, and a fair and equitable taxation policy applicable to the post-war period should be announced immediately. Let us know what our ascertainable post-war expenditures are likely to be. Let us know the over-all picture of social welfare costs. Inasmuch as it is in our power to provide it, let us give the people what they want and what they need. But it is also our duty to tell them what the cost is and how that cost is to be borne by our people. Reconstruction means reemployment and job creation. That is what the people want, not doles and hand-outs, even if it is their own money. Let us provide a fair day's wage for a fair day's work. Public ownership may well be desirable in some instances, but where there is room for competition and development let not the government become a limiting monopoly. For example, in the air transport field we find the present government excluding any likely competition even when the whole world is our oyster and there is plenty of room for not only the government line but for a number of competitors in what is likely to prove one of the greatest and fastest expanding fields of transportation.

anything about money, but I do know that the municipalities in British Columbia cannot possibly take their proper share in the reconstruction programme unless they get assistance from the federal treasury.

Another thing in which I do not agree with the Prime Minister is that he has not much fear, as I understood him the other day, of the immediate six months following the peace. Personally I think that the first six months following the peace are going to present a very serious problem. Possibly I am looking at it from the soldier's point of view. I do not think you are going to be able to keep the men in the army after the war. The men will look after that themselves. The desire of every soldier will be to get home as quickly as he can and to get out of uniform, with the possible exception of the air force. These men are going to be thrown on to the labour market immediately after peace is declared. They will have a certain amount of deferred pay, which was an excellent idea on the part of the department, and a certain amount of savings. But I hope that every young soldier coming back from the war will not make the same mistake that I made and that the Prime Minister and the Minister of Pensions and National Health (Mr. Mackenzie) made. I waited twenty years after the war before I got married. I hope these young soldiers will get married immediately, but I do not know how far their savings will carry them if they get married unless we have concrete plans ready for their employment when they return. So far as I know, no concrete plans have been made by the government and no blue-prints prepared to put these men to work immediately after peace is declared. If peace were declared next week, the federal government, so far as I know, has no plans complete as yet to put these men and women immediately to work. We have had a wonderful reconstruction committee which has studied and submitted various plans.

I will tell you how we do it in British Columbia. The government of the day in British Columbia set up a committee, not of the government, but of the legislature, and that committee toured every little district in the province and got ideas from the Canadian Legion, from boards of trade, women's institutes, municipalities, and every other organization they could think of, as well as from individuals. I want to tell you that I am proud of the fact that I come from the province of British Columbia because within one week after peace is declared the British Columbia government can call for contracts for $10,000,000 worth of constructive work. That is a wonderful record. I want hon. gentlemen to mark that. I do not know how it is in the other provinces, and I am not criticizing them. So far as I know the federal government has no plans ready with which they can proceed to put men to work immediately after peace is declared. They have suggested various ideas—public buildings, waterways, railway expansion, and so on. But I repeat that British Columbia, through its Department of Public Works and other departments, has blueprints already prepared and estimates already made so that within one week after peace is declared they can call for tenders of $10,000,000 of constructive work. I think that that is the attitude which the federal government should adopt. I may be wrong; the federal government may have its plans ready, but if they are ready, this house has never been told about any concrete plans.

There is another matter. But first I had better continue with the Prime Minister, because there are some other things on which I do not agree with him, and if you are going to disagree I think it is a good idea to disagree from the top down, starting with your leader. I am not going to speak in a sobbing voice and then stab him in the back unless I decide to move across the floor on the same day.

One thing in which I am particularly interested so far as the soldiers are concerned is farming. I should like to quote what was said by the chairman of the reconstruction committee, the man who I think is most intimately connected with the reconstruction programme next to the Prime Minister himself. We are very glad that he comes from British Columbia. He and his committee have done an excellent job, and I am sorry that the chairman is not here to-day. He happens to be in hospital, and I know that I speak for every member when I wish him a speedy recovery. I quote in part what he said with respect to food at page 3994 of *Hansard* of June 20 of this year:

> In this respect we welcome the conclusion arising from the united nations food conference that never again—

I repeat that.

> —that never again will food be destroyed simply because people have not enough money to buy it.

That is from the chairman of the reconstruction committee. I point that out because I want to speak of it in connection with the Veterans' Land Act. Coming from the chairman of the committee it may be presumed that he was speaking for the government. What notice are we giving to the boys overseas with respect to this matter at the present time? Are we telling them that we in this parliament are not going to permit the

destruction of food in this country? Hon. members will recall that the great president of the country to the south made probably the only mistake he has ever made in his leadership when he allowed brood sows to be destroyed. Brazil also destroyed coffee. Here we state through the chairman of the reconstruction committee that never again will food be destroyed simply for lack of money. Actually what do we find in Canada to-day? We in parliament are not supreme. What is going on in Manitoba? I quote this from the Winnipeg *Tribune*: "Growers plough under Manitoba Strawberries." I quote this because the soldiers of Manitoba will scarcely think us sincere in our plans for reconstruction, particularly as regards agriculture, when they see that we permit a few bureaucrats to allow this sort of thing to go on. There is a picture in this same paper of strawberries being ploughed under by a tractor, and under the picture is this:

Goodbye, Strawberries: Strawberry growers near Winnipeg are ploughing under their strawberries, as Aleida Daman, 18, daughter of Peter Daman, St. Vital grower, is doing in this picture. The prices board set too low a ceiling for berries, they say, and growers see no sense in paying labour $4.50 a day to keep the bushes in shape.

That must be an extensive piece of ground to have a tractor ploughing under this food. This paper is going to the soldiers of Manitoba who are over there in Italy and on the shores of France. Yet at the same time we are telling them we shall never let the lack of money cause the destruction of food. It will take more explanation from the government than I have heard yet to convince the boys over there that that policy is being carried out when they see food being destroyed in this way.

The reason I refer to this matter particularly is that in British Columbia we have some 750 Japanese farms which were all producing berry farms before we seized them—no, we did not seize them; we were too generous; we bought them out. We are holding these farms for soldiers when they come back. What will our soldiers in Italy or on the shores of France think of our Veterans' Land Act when in British Columbia out of 171 farms 121 have been allowed to go to wrack and ruin, and the people on the remainder are producing at a loss to-day simply because of the dictates of the almighty dollar, orthodox finance and the war prices board?

We estimate that we have over 300,000 acres of land now surveyed and available, and on which soil analyses have been taken. The provincial government are prepared to grant a million acres of land to the men who are coming back. But all we are going to allow a man who wants to go on the land is $4,800 to buy a farm and $1,200 for the purchase of stock to equip that farm. I took the trouble to inquire of every organization in the riding which I represent, and they agree without exception that the figure is, to say the least, conservative. It will cost at least $175 an acre to purchase land; the average tax amounts to $4 an acre; yet we expect a man to settle on a farm, raise a family, clothe and educate them, with no more capital than $4,800 for his land and $1,200 for his stock and equipment. I know that many hon. members are not farmers, but there is no need to be a farmer to know that you cannot possibly buy enough stock and equipment for $1,200 to run a farm, repay the capital, pay taxes, feed and clothe a family. It simply cannot be done; yet that is what we are holding out to these returning soldiers under the Veterans' Land Act. Go to any soldier organization that I know of, and the first thing you will find them discussing is this particular bill, which they regard as almost entirely unsatisfactory and inappropriate to the needs of the present day and age. Yet we send literature to the soldiers telling them how much we are going to do for them.

I disagree with an hon. member from one of the Montreal ridings who expressed the opinion yesterday that there is not much hope of placing many of our returning veterans on the land. Land has always been and always will be a safeguard in our economy. I believe there is a tremendous opportunity to put men back on the land. We cannot continue all these factories, no matter what they desire to manufacture; but we can produce in the vast expanses of Canada to an unlimited extent if agriculture is given parity prices. I admit that I might find it difficult to give a correct definition of that term, but I believe that parity prices must be provided for in legislation as applicable to farm products. Every bit of legislation the government has brought forward—and we are proud of what has been done—affects the farmer. He is absolutely dependent upon what the floor price is; and if the floor price is to be set, not by members of parliament representing all parts of Canada and all the political parties, but by some economist in the Bank of Canada or a small town lawyer on some of these boards, you are not going to get real parity prices, I can assure you of that.

The original definition of parity prices is to be found in the United States Agricultural Adjustment Act of 1933, the object of which was " to establish prices to farmers at a level

that would give agricultural commodities purchasing power with respect to articles farmers buy equivalent to the purchasing power of agricultural commodities in the base period." That is not in effect in Canada to-day. Anyone familiar with agriculture knows that it is not in effect. Of course agriculture is on a sounder basis than it was in previous years. With the general prosperity enjoyed in Canada at the present time it is bound to be, but what the farmer fears more than anything else is that there will be a collapse of these prices. We have the assurance in the speech from the throne that floor prices will be set, but what I am particularly interested in is, who is going to set them? If it is we in parliament who are to set them, I shall not be worried so much, but if they are to be set by a board with no knowledge of conditions across Canada, and particularly of local conditions, it is a totally different matter. It has been demonstrated in the past as far as the agricultural policy of the government is concerned that agricultural conditions all over the country are taken into consideration, and rightly so. For years other parts of Canada carried Saskatchewan and other provinces during their misfortunes, and no one objected to that. But this illustrates the fact that conditions vary across Canada and that they must be taken into consideration in setting floor prices. In many cases in the past that has not been done. I again insist that I do not care what kind of veterans' land act is brought in or what amendments are made; it is absolutely impossible for the veterans to go on these farms unless they are guaranteed a reasonable and fair price for the commodities they produce.

In connection with the farm problem I wish briefly to revert to the subject of money. Speaking in the house on June 20, the Prime Minister is reported in *Hansard,* page 3986, as saying in part:

> Later, as forecast in the speech from the throne, there will be some tax modifications to encourage industrial conversion, and also there will be an expansion of research.

I have no particular quarrel with this proposal. If industries are not allowed to build up again, are not permitted to prepare to convert their plants to peace-time activities, we cannot put men back to work. But I do want to insist that agriculture must have exactly the same treatment. For years farmers had to do without new equipment, not only because it was not available, but because in any event they did not have the money with which to buy it. Even in the last prosperous two or three years what money they did have has been used to pay off debt, not to buy new equipment. Therefore the farmer is entitled to exactly the same consideration in any adjustments respecting income tax.

I hope that the budget is not quite completed. I happen to have my office on the fifth floor, and as the Minister of Finance (Mr. Ilsley) is located on the same floor, there is a continuous stream going and coming. I wish they would come in to me for advice in preparing the budget. I was quite flattered about something which happened yesterday. My office is in about the centre of the block. One of the most popular and esteemed members of the cabinet has his office on the fourth floor immediately below mine. Inadvertently yesterday he opened the door of my office and walked in, and he said, "Goodness, I must have opened the wrong door." I said, "No, it is all right." I will not tell you his name; it begins with a C. Coming events cast their shadows before; it may be that he came in to look over my office before I move down to his. Seriously, I hope the Prime Minister takes into consideration this important fact that agriculture is just as much entitled as any other industry to money for reconversion. The farmer is in the same position as the industrialist. He needs new binders, new tractors, other new equipment, and he should have the same consideration in so far as income tax is concerned.

There is one thing to which, I think, not enough attention has been paid. I want to congratulate the leader of the opposition (Mr. Graydon), who made, I thought, an excellent address yesterday. Particularly I would like to compliment the hon. member for York South (Mr. Noseworthy), who, I believe, is the only member who in the course of this discussion has touched on education, although it is a factor in reconstruction which affects the entire dominion and one in which, I think, we all should be interested. His speech last evening was very fair and very constructive. It is not often, possibly, that I can say that. I wish I could say the same for the leader of his party, who goes around and makes strange statements, probably for vote-catching purposes, about what he thinks the soldiers want. If anybody stops to think, he will know that what the expression "the Canada he left" means is that the soldier wants to get back to the Canada he left, to peace-loving Canada, and particularly, his mother's cooking. The speech of the hon. member for York South, however, was helpful, and I congratulate him, and also the hon. member for Cape Breton South (Mr. Gillis), who is always interesting.

I do not want to take any more time, except to impress upon the government that we in

British Columbia will not be satisfied with a dollars and cents approach to this matter. After the announcement made by the Prime Minister to-day I do not know how any member of this house or anybody else in Canada can think in terms of dollars and cents about what is to be given as a matter of right to Canadian men and women coming back from the war. Money must never be allowed to stand in the way of what we are going to do for those men and women, and I urge upon the government that representation of the soldiers and of the women serving in the forces should be considered in the setting up of these boards under the reconstruction department—above all, the women. Little has been said about the way in which we are going to deal with the women coming back to civilian life from the army and from war industry. That will be one of the greatest problems we shall have to tackle. Money will not always provide the solution so far as the women are concerned. With money you can always find work for men, but you cannot always find suitable work for women, no matter how much money you may have. I suggest therefore that the government would be well advised in the setting up of these boards to consider the representation of the women in the armed services. The government might take representatives from the women's institutes and from those serving in the armed forces, as well as representatives who will look after the interests of the men in the army.

I am a party member, but I say that if the government sincerely wishes this department to be a success, politics in any form must be kept out of it. If anything is to be kept out of the department it is politics. Irrespective of party we should initiate a programme that has been planned for the good of all and not for the advantage of the few.

Mr. HUGHES CLEAVER (Halton): Before addressing a few remarks to the points I intended to cover in this debate, I hope my hon. friend who just preceded me (Mr. Cruickshank) will not take offence if I attempt to give him the other side of the story in regard to the Veterans' Land Act. I wish to suggest seriously to him that he should add up the over-all benefits which the new Veterans' Land Act proposes to give to the returned man who might wish to go farming. If he does so, perhaps he will revise his views in this connection. If he will add up all the benefits, he will find that the dominion government is making a cash grant substantially close to $3,000 to every Canadian veteran who wants to go farming under the Veterans' Land Act.

Before discussing that, I might add that any boy who will make a good farmer will in my opinion be entirely successful if he starts with $3,000 cash assistance and when the balance of his liability carries interest at a rate of only 3½ per cent. In adding up these benefits we find the veterans' initial responsibility is to pay $480 down in cash. The government, on the other hand, makes a cash contribution of $2,320 of the purchase price, $1,120 on account of the farm and $1,200 for implements, in addition to supplying the finances. That is made up in this way. As regards stock and implements, if the farmer is successful he pays nothing for the stock and implements; that is $1,200 of the amount I have referred to. The criticism is that $1,200 is not an adequate amount to equip a farm with stock and implements. Well, I suggest that it was never the intention that $1,200 should fully equip a farm with stock and implements. The intention, as I understood it, was that it would supply a suitable foundation stock; it would supply the initial bare needs for implements, and the farmer would go on from there. In addition to these amounts, it is well recognized that farm income does not come in monthly, and so provision has been made, for the first year, for monthly payments where necessary to the farmer to maintain him. The single man will receive something like $44 a month and the married man $68, while the married man with children will receive additional allowances for the children. Adding all these benefits together, we have a total of at least $3,000 for one man if he wants to go farming, and I repeat that many farmers in this country, reasonably prosperous, think they do very well by their sons in setting them up in farming if they make a contribution anything like that.

There may be some reason for criticism on the score that the benefits that accrue with respect to a farm costing not more than $4,800 are not adequate. Another clause in the act, which is quite elastic, provides that if a farmer wishes to buy a farm in excess of that amount he is permitted to do so but he must finance the balance himself.

I am coming to the one and only criticism I have—and I would not dream of criticizing such an act without offering what in my opinion is a helpful suggestion. I think that in some parts of the country farms are at such a price that $4,800 would not buy a good up-to-date productive farm. In that event I think the amount should be increased, but I would correspondingly increase the mortgage

liability at 3½ per cent which the veteran assumes. With that one minor amendment, I think the act would work well, and that is the only complaint I have received from veterans' associations in my riding with respect to the act.

In rising to take part in this debate on the second reading of the bill to provide for the setting up of a department charged with the sole responsibility of post-war reconstruction, I do so simply to emphasize one problem which I think we shall be facing in the post-war period, and one which I think should be given a No. 1 priority. The general field has been ably covered and I do not intend to spend much time in that regard. While I agree that Canada's post-war prosperity is in part dependent upon the extent to which we are able to assist in achieving world-wide recovery, and while I agree that Canada must assume her full responsibility in that regard, and fully realize that in so far as we do have world-wide recovery Canada as a trading nation will participate in the benefits which flow therefrom, yet I feel just as strongly that living conditions in Canada also depend upon the way in which we treat our own local domestic problems. If our national income, whether large or small, is equitably distributed among the different classes of the population, then we shall achieve a proper distribution of goods. I do not think that happened during the depression, but I will not take time now to discuss the causes.

To be permanently prosperous I believe the country must maintain a standard of living on a par with its ability to produce goods. I think that is axiomatic, but there is just one "if," namely, if a country produces goods in excess of its own needs, in order to maintain this high standard of living I am talking about markets must be found for the excess.

As to the production surplus over and above our own consumption needs, which amounts in round figures to one-third of our total production, we should of course exchange that surplus for goods of other countries which we can use. If by foreign trade we are able to do this, we achieve our maximum prosperity. If we cannot do this by foreign trade, I suggest that under the best of management we would only reach two-thirds of our maximum prosperity. If we do not take the necessary steps to dispose of that unexportable surplus and to prevent the endless distress which follows, such as falling prices and the like, we can get into a lot of trouble. Therefore I suggest, Mr. Speaker, that until world recovery takes place to the point where we shall be able to dispose of the exportable surplus we have three options. We can either give that exportable surplus away to needy nations; we can stop producing it, or we can store it up at fixed prices hoping to be able to sell it in the future. I do not know of any better illustration of what I am talking about than our exportable surplus of wheat.

The problem I have just outlined is one that should be studied very carefully in this country. On the one hand I do not think that we should accept the defeatist attitude and say that we have to wait until general world recovery comes about; nor on the other hand do I think we should fail to assume our responsibilities in the matter of helping to assist general world recovery. As I said a moment ago, I am not going to discuss to-day the general problem but there is one concrete matter that I should like to bring to the attention of the government and of the hon. members of this house. It is a post-war problem which I think will merit a No. 1 priority. We have an acute shortage of houses in this country. Estimates differ, but reliable sources agree that when this war is over we shall have a shortage of over three hundred thousand houses. It is only right and proper that in time of war, with its consequent shortage of labour and materials, we should try to get along with the housing accommodation we have. We have struggled to do that, Mr. Speaker. By rental controls and the like we have done our best to get by the present emergency without any needless expenditure of either labour or materials on the building of houses. While we have been quite correct in postponing house building to meet the needs of war yet in the long run I suggest it is going to turn out to our advantage, because during the immediate post-war period this postponed consumer demand for houses will have to be met, and it will put thousands of men to work.

At the moment we can reasonably hope that the end of the war is not in the too far distant future, and I think we should immediately complete plans for post-war house building. I should like to urge that pilot or key organizations be set up now, which can be quickly expanded when the war is over, to support, and direct house building schemes. In adopting this plan of postponing the supplying of our housing needs until the war is over we have of necessity caused some real distress. To-day many people are living under almost unbearable housing conditions. To some extent this has been the cause of increasing crime, ill-health and the like. In addition to those who are in actual distress, thousands of families are daily living under the threat that their houses will be sold over their heads and they will have to move, not knowing where they will go. People cheerfully and willingly

endure that sort of thing during war time. But I suggest to you, Mr. Speaker, that the minute this war is over the Canadian people will demand—they have a right to demand—that their proper housing needs be met.

In addition to the acute housing problem which exists at the present time, when thousands of our service men return they will marry and want homes of their own. In addition to giving the housing problem the rating which I believe it deserves, namely, No. 1 priority, I should like to urge that the government sponsor a campaign for every man to own his own home. I do not know of any better time to start than now, when we have such an acute shortage. I should like to urge that credit facilities be made available for this need on a sound business basis. The advantages of home ownership and the disadvantages of tenant occupancy are so apparent that I do not need to labour the point. In these days we hear many discussions of the relative merits of our capitalistic system and socialism. So far as I am concerned the major complaint that I have in regard to the capitalistic system is that we have too few capitalists. I would urge that every man in this country own his own home; every man should become a capitalist. This proposal is not a dream impossible of fulfilment. It is a scheme which if undertaken as a national programme could be quite easily attained in a very short time. To-day many men have to pay rent for their housing accommodation. Is there any man in this country who would not rather pay the same monthly payments on a house which he will eventually own?

Let me say something as to the down payment. We all know that practically everyone in this country is accumulating savings which I suggest in most instances will be sufficient to take care of the ten per cent down payment at the end of the war. To those who have not been able to acquire the compulsory saving as a down payment I suggest that the new amendment to the Bank Act will meet their difficulties. The banks are going to enter actively the field of small loans repayable on a monthly basis at a reasonable rate of interest. A man desiring to own his own home would be able to acquire his down payment from that source.

In the National Housing Act we have a well-tried instrument at hand. We do not need to create anything new to get on with this programme. Do hon. members know that since 1937, under the National Housing Act, we have built something over 25,000 houses? They are practically all owner-occupied; and while the government has participated to the extent of a twenty-five per cent contribution toward the cost of those houses, the act was so well thought out and has been so efficiently managed that our losses to date on the 25,000 houses are less than $5,000, or twenty cents per house. I suggest that the present act should be used for this purpose—with some amendments, or streamlined if you like—in order to bring those advantages within the reach of every working man in the country.

My first suggestion is in regard to interest rates. Interest rates should be reduced to 4½ per cent, and to 4 per cent if possible. As all hon. members know, money is now available in the Dominion of Canada—that is long-term borrowing—at 3 per cent, or less. Let us take the government's contribution of 25 per cent, and figure it on a 3 per cent basis. Let us allow the loan companies 5 per cent on their 75 per cent loan content, and we have a resulting interest rate of 4½ per cent.

I suggest if we are to adopt a large building programme the lending institutions of the country may not have sufficient money to finance it on that basis, and that perhaps the government should enter the field on a 50 per cent basis with 3 per cent money. In this event, allowing the loan companies 5 per cent on their 50 per cent content, the interest rate would automatically fall to 4 per cent. With the interest rate at 4½ per cent—and the Minister of Finance has announced in advance that that is what is going to happen—the monthly payments for these houses, under which a man actually acquires eventual ownership, are to-day less than the normal rental for houses of that type. With a possibility of a further one-half per cent reduction, one can see what the effect would be in connection with monthly payments.

Coming to the second recommendation, in connection with the repayment of loans, I know something about these houses built under the National Housing Act. They are well-built. I say without fear of successful contradiction that homes built under the National Housing Act standards have a useful owner-occupancy lifetime of at least forty years. I therefore suggest and urge that the amortization period should be increased from twenty to at least thirty years. That again will assist in bringing down the amounts of monthly payments. The Minister of Finance has already announced that that proposal is under discussion, and that some progress will be made. I would urge as strongly as I can that thirty years should be the minimum, where an owner requires that time to pay for his home.

My next suggested change is a new one. In the mind of each of these home owners is the constant dread, the constant worry hanging

over his head that something may happen, possibly through illness or accident, as a result of which the breadwinner would lose his life and the widow would be left with an unbearable mortgage load. If this is to be a nation-wide scheme for every man to own his own home, then I say that in the event of his death the mortgage should be paid off and the widow should be presented with the house free from encumbrances; and that this should be paid out of an insurance fund. I am told that this type of term insurance could be acquired at moderate cost, not exceeding one dollar per home per month.

My next suggestion deals with restraint in respect of alienation. Very serious thought should be given to this matter. So far as I am concerned, the owner of a house should be placed in the position where he could not, through bad business judgment or in any other way, lose his house. I would have the house in such a position that it will not be subject to execution levies. In addition, I think it might be wise to prevent the owner himself from selling his house, or possibly it would be well in the event of sale to freeze the selling price, or set it apart to be used only for the purchase of another house. That is only my own thought on the subject, but I offer it for what it is worth.

These five suggestions will in my opinion make the act workable and bring it within the reach of every working man in Canada. However we could not possibly succeed in reaching a point where every man would own his own home unless we were to provide for the use of existing houses already built. I suggest that an additional part be added to the housing act to make these second-hand houses, if I may so describe them, available for exactly the same purposes and on quite the same terms. I concede at once that the amortization period should not be so long—that is, it should not exceed the life of the house. In addition, money should be made available by borrowing, repayable in monthly payments, just as under Part I of the act, to provide for necessary permanent repairs and permanent alterations to bring the existing houses up to modern condition.

If those things are done, and a nation-wide campaign is instituted, it would be almost impossible to estimate the amount of human happiness and human satisfaction which might flow therefrom.

I have commented on the urgency for the need for housing. I have commented, too, on the benefits, peace of mind and human happiness which would flow from such a plan. I have one other reason why in my opinion housing should receive priority in connection with post-war reconstruction, and it is this: The labour content of every medium sized house is at least eighty per cent. Some members may question that percentage, but when I refer to labour content I am not referring only to the labour expended in the building of the house. I include the indirect labour—the labour content that goes into the manufacture of frames, doors, lumber, flooring, plaster, hardware, plumbing, and everything else used in construction. If one computes all that in the labour content he will reach at least eighty per cent labour content in a medium sized home. I do not know of any type of construction in which the labour content is as great. For that reason therefore I say that is one of the post-war schemes we should first adopt.

There is another feature in connection with labour content, and it is this: I do not know of any construction work in which the labour content would be so diversified, and spread out over the entire country. One might say it would be spread throughout all branches of industry. Benefits would accrue to all parts of the country.

For all these reasons I urge as strongly as I can that the present is not one day too soon to make plans and to complete the organization for the financing and the supplying of materials for the new houses we so urgently need.

Mr. R. W. MAYHEW (Victoria, B.C.): Mr. Speaker, I do not apologize for taking part in this debate in connection with the establishment of a Department of Reconstruction. I agree entirely with the hon. member for Essex East (Mr. Martin), who has said that this matter is next in importance to that of winning the war or prosecuting the war. Had I not said anything I am afraid I would have been apologizing to myself for some considerable time. I suppose when I finish my speech I will still be apologizing to myself because of having fallen far short of what I would have liked to say in the short time at my disposal and with my limited ability.

I have been interested in this matter from almost the start of the war. So far as I know the first committee on rehabilitation set up in Canada was one set up in British Columbia by the British Columbia branch of the Canadian Manufacturers' association. I happened to be chairman of that branch at the time. I believe that committee is still functioning and considering plans for rehabilitation and reconstruction. I remember one statement that I made at the annual meeting. I impressed upon all the manufacturers of

British Columbia the necessity of watching their plants very closely in order that they should not run down. I emphasized the fact that obsolescence was a detriment not only to the particular plant but to the province as a whole.

I took another step at that time in an effort to enlarge the knowledge of this subject, both in the province and throughout Canada, but this was a somewhat disappointing experience. I offered an award for the best essay on post-war rehabilitation to be written by any undergraduate in Canada. This offer was made directly to the James committee when it was first formed, and it was also passed along to the Minister of Pensions and National Health (Mr. Mackenzie) who received it very warmly. However, the universities did not seem to rise to the occasion and give this suggestion the leadership which I thought it should have received. Instead of announcing this award to their students at the close of the year, they announced it when the college term opened, and the result was that only a few participated because they had only some three or four weeks to prepare their essays.

I would be quite prepared to continue this offer for the duration of the war. I think if it had been done we would have had a young people who were more enlightened on this subject. There are many young people reaching the time of life when they might make an active study of these matters, but they have not had the opportunity. If they are prepared to make full use of my offer I am prepared to renew it at this time.

I regretted that the statement was made in the house that this department was being set up to fill a temporary need only. I think that is a mistake. It should be a department for the development of Canada not only in the transition period from war to peace but for the many years to come. The department should be available for as long as it is necessary, and I am sure that that will be for the lifetime of Canada. There is so much in this country that is yet untouched. There are tremendous possibilities for development, and I cannot see anything better than to have an all-time department. This should not be a department with just a minister, a deputy minister and a few assistants; it should be a department with a minister, a deputy minister and a staff sufficiently large that its members could be selected from all parts of Canada, thus bringing together the necessary knowledge for this particular sphere of development.

The other day we heard a splendid speech by the hon. member for Athabaska (Mr. Dechene). He told us a little—no one could tell us all—of that great northland of which we know so little. There are over a million square miles filled with every kind of natural resource, such as minerals, forests, fisheries and oil. I am sure it will take some time fully to develop this particular district.

Speaking a few days ago the Prime Minister (Mr. Mackenzie King) mentioned another possible field of development. He referred to the creating of Ottawa as a federal district, and the possibilities of beautifying the nation's capital. He told us how it was hoped to make the other bank of the Ottawa river in Hull a thing of beauty. There should not only be a physical development of Canada; we should have cultural development as well. There are many cities besides Ottawa where similar projects could be carried out. I am one who believes that it is not a waste of money to develop cultural things. Would anyone say that money has been wasted in the construction of this grand building we are in at the present time? We could actually do with much less in the way of a building. We could talk just as much, although there might be a greater fire risk. But will anyone say that it has been a waste of money? Will anyone say that what was done on Elgin street a few years ago was a waste of money? I definitely say that it was not. We could take every city in Canada and try to make it a city beautiful as well as a city useful.

Any schoolboy will tell you that we must develop our industries to their maximum. These things are so obvious that they scarcely need mention. But the others are things which we have been overlooking. It is a change of mind that we want towards our development. Take, for instance, the city of Winnipeg, or Saskatoon, Regina, Edmonton, Vancouver; or take my own city, the city of Victoria. I do not think there is a more beautiful spot in Canada than Victoria, and regardless of what anyone else says, it is the playground and will remain the playground of Canada so far as climate is concerned. The nation could spend in the city of Victoria many millions of dollars which would be of tremendous advantage not only to the people of the city of Victoria but to the rest of Canada who would be glad to get away from the winters you have in the east. People are coming into the city of Victoria from all directions, both summer and winter. It is the only place where you can have really warm salt water bathing practically the year round. By the expenditure of a few hundred thousand dollars you could make it not only a national but an international playground to the great advantage of us all. I had no intention of

bringing forward the claims of my own city for development. I use it just as an illustration of the possibilities that we have in Canada for just such projects.

Mr. KUHL: But we need to know where the money is coming from.

Mr. MAYHEW: Where the money is coming from? The Prime Minister told us the other day, and I think he is right, that the money will come for the things which the people are interested in and desire to have.

Mr. KUHL: They were interested before the war too.

Mr. MAYHEW: We listened to the hon. member speaking the other night, and if I remember rightly he implied that it was humiliating to work.

Mr. KUHL: I did not say any such thing.

Mr. CRUICKSHANK: He has never tried it.

Mr. MAYHEW: If the hon. member did not say it, he implied it.

Mr. KUHL: I said that compulsory work was humiliating. I did not say voluntary, but compulsory.

Mr. MAYHEW: The Lord made it compulsory because He told us that we must earn our bread by the sweat of our brow. Personally I do not think you can build character in a people or in a nation unless they have work to do.

Mr. KUHL: Voluntary work.

Mr. MAYHEW: Work is the fibre of achievement that makes a nation great, and you cannot have the fibre of achievement unless you have something to do and are willing to do it. That is what my hon. friend lacks.

Mr. KUHL: No.

Mr. MAYHEW: I was saying, Mr. Speaker, that I am anxious to see these developments take place; I emphasize this because there is not time to deal with the others, and I want if possible to get this point across.

I believe that we have to have full employment. I do not believe you can have half of your people employed and the other half unemployed. Someone has said that no man is free unless all are free, and I do not think we can be busy to the best advantage unless we are all busy. I think we could all be busy in the future.

In the programme which should be undertaken the matter of tempo enters. Some say that the tempo should be increased just as soon as the boys come home from overseas. Personally I do not think so. I believe that there will be sufficient work, more than sufficient work, for the first two or three and possibly four years after the war is over. It will be in the subsequent period that we may have to move in and find work for people to do; but this nation I think will do these things I have mentioned because they are in the end self-supporting. I want to emphasize that. I do not think you should bring the boys home from overseas and put them to work and at the same time leave the boys that are at home without work to do, because when one man is idle, somebody else is not fully employed. Only when all are employed can all be fully employed.

I am going to make four suggestions, and then I shall conclude.

First I think the name "Reconstruction" is a misnomer. It has come out of its association with rehabilitation. It is national construction, national planning on a long and broad scale which in my opinion is required. Rehabilitation is an entirely different matter. I do not say that they are separable, because you cannot have rehabilitation without reconstruction. But title reconstruction would mean that this country has been partly destroyed or that we intend to destroy it and rebuild it. There is nothing of the kind. We are to build on what we have. It is a gradual development on the basis of our imagination, and, I hope, of our courage, because I know that our ability to do it is there. I suggest that the name of this department be changed.

I suggest, too, that it be made a permanent department. I suggest that it have a large personnel, not a small one; that that large personnel be selected from all parts of Canada, and that in their planning they look towards developing not only the ribbon that runs across Canada from the Atlantic to the Pacific, but Canada as a whole.

I suggest also that the minister, whoever he may be, be appointed now. I do not think it is too early. The formation of this branch of government is very timely, and the minister should be appointed now for this reason. He would be able to sit in on and give a lead to the banking and commerce committee, because finance is going to come into the programme of reconstruction, and his advice and assistance in planning for the reorganization, if that is to take place, should be of some assistance both to him and to us.

I suggest that this department be not just another department of government, but that it be "the" department of government, because upon it depends the full work of our people; on the full work of our people depends our

national income, and on our national income depends whether or not we can carry on with our social legislation. This department is the heart and the backbone of Canada itself in action.

Mr. THOMAS REID (New Westminster): Mr. Speaker, most allied nations have been laying plans during the past three or four years for post-war planning and rehabilitation; but I say to you as emphatically as I can, in view of statements which are being made outside the House of Commons, that no country among the allied nations is so far ahead in plans for rehabilitation as is Canada under the present government. That statement cannot be successfully refuted. I am sorry that the leader of the Cooperative Commonwealth Federation is not in his seat this afternoon, because I intended at this time to deal with one or two statements he has made; however I will defer until later most of the things I have in mind. I think it is most unfair for an hon. member, especially one who is the leader of a party, to make statements throughout the country which, I say, are not true. For instance, he is quoted as having said a short time ago that two million jobs would have to be found for service men returning to civilian life in Canada after the war, and that not a single plan has been devised by the dominion government to meet that situation. In that utterance there are two gross misstatements of fact. The first one is that two million jobs will be needed for service men. There are not over eight hundred thousand men and women in the armed forces of Canada, and to assert publicly that two million jobs will be required for them is a kind of mathematics which is beyond me. I rather thought that people in the country from which I come knew something about mathematics and education.

Mr. GILLIS: Will the hon. member permit a question?

Mr. REID: Yes.

Mr. GILLIS: Where did he get this statement which he alleges the leader of the C.C.F. made?

Mr. REID: I am glad that the hon. member for Cape Breton South asked that question. For every utterance I have made in the House of Commons I have been careful to have proof. The statement I have referred to is reported in the *Leader-Post* of Wednesday, June 14; and may I say to the hon. member who interrupted—

Mr. MITCHELL: The *Leader-Post* of Regina?

[Mr. Mayhew.]

Mr. REID: Of Regina; yes.

Mr. GILLIS: It is ridiculous on the face of it.

Mr. REID: The hon. member may say it is ridiculous, but may I say that there is something in this connection which is very strange. I do not know much about how the C.C.F. act in other provinces, but in British Columbia, from which I come, I know something of their actions, and before this session is over I shall deal with a good deal of what has gone on there. Any time that any paper in British Columbia has reported some statement against the C.C.F. or any of their leaders they rush to contradict it, but I have never seen any contradiction of this report. Are they carrying on some other policy in Saskatchewan and not repudiating things they object to?

Mr. GILLIS: It is so obviously ridiculous.

Mr. REID: I do not see how the hon. member is in a position to deny it. I might say to him, just hold your horses a little while.

Mr. GILLIS: Well—

Mr. REID: Mr. Speaker, have I to take care of myself?

Mr. CRUICKSHANK: You can do it.

Mr. REID: Because if I have to, of course it is all right with me.

Mr. GILLIS: If you want to make such statements, it is up to yourself.

Mr. REID: Some statements have been made during this debate, either in the speeches or in cross-fire conversations across the floor of the house, particularly by members of the C.C.F., regarding the years of depression, 1930 to 1939. Speakers of the Cooperative Commonwealth Federation group have gibed at both the Conservative and the Liberal parties with reference to the great amount of unemployment during those years. I have been frank to admit wherever I have gone that there was a great deal of unemployment at that time, but I do not understand the reasoning of those who remind us of it, or why Canada in particular should be singled out and our form of democratic government denounced because we were not able to solve the problem during those years. No country in the world, I care not what form of government it had, solved the problem. Oh, yes; someone is going to say that all were working fully in Russia, that they were fully occupied in Germany and Italy and Japan. But if all those countries had their people at work, it was simply because they were getting ready for war. We are not a warlike country. The facts are that no country in the world solved the

problem of unemployment during those years—neither Russia nor Germany, Italy nor Japan. Yet members of the C.C.F. go up and down the country saying that we must have a new form of democratic government, that the old parties have failed, because from 1930 to 1939 they did not solve unemployment.

The thought has just entered my mind, and it is something I have long wanted to say in this house, that I have been astonished at the attitude of a number of those who, have come to Canada from other lands and who, had they stayed in the lands they came from, would probably not have owned very much; yet with all the possible things that God could give them in this great land, they have gone around denouncing the government of Canada. I remind the house, and it seems to me a strange and significant fact, that during the years of depression, and when we were hearing so much of the progress of Russia, although 60,000 persons made application to the Canadian government to be taken back to Great Britain, no applications so far as I can learn were made by any who came from the countries of continental Europe to be returned to the country of their origin or birth.

I say, Mr. Speaker, let us have some pride in our land. When one looks over the membership of this house and recalls that some thirty-one hon. members were born outside this country and came to it from nine different countries, it seems reasonable to ask whether there is any other land which has provided the same opportunities as this great country has provided to those who have come here from abroad. One quality in the Russian people which we might well emulate is their great love of country.

While I am not suggesting that this government should adopt the policies of militarily-minded states, it is my opinion that following the conclusion of this war we shall not allow ourselves for many, many years to revert to the condition of unpreparedness in which we found ourselves prior to 1939.

One thing we all admire about Prime Minister Churchill is the great frankness of his statements. It is a splendid thing to be frank. When he was speaking in the British House of Commons on post-war rehabilitation someone reminded him that after the last war British shipowners had bought German merchant ships at a cost of little or nothing. He replied that that was perfectly true, but, he said, "We won't make that mistake again, though I expect," he said, "being human, we shall make other mistakes." I recall that because we too admit frankly, at least I do, that we did make a mistake in 1930 to 1939. But we are not going to repeat that mistake; and when anyone goes through this country endeavouring to persuade the people that a new heaven or a new earth will come about if only some new type of democratic government is given an opportunity, I warn the public to be very careful before they take such statements too literally.

It is only of late that members of the C.C.F. party have admitted that trade may be at all a significant factor. Like most parties, they are keeping their ear to the ground too and moving along as they think the people want them to, so that they do not differ from any of the older parties in that political regard. That, after all, is democracy. I do not know what the future will bring forth, but if past history has been any guide to us at all it shows us this. To me at least it has proved that the nations that have gone out to trade, and to trade freely, have been the nations which have given most of this world's goods to their people, while the nations who have lived unto or within themselves have been the nations which have given the least of this world's goods to their people. That has been the history of mankind from the days of Adam to the present time, and it is my opinion that the same thing will hold good for many years to come. We must therefore pay greater attention to international trade.

This country is adapted to produce great quantities of grain, lumber, fish and agricultural products which could never be consumed at home unless we trebled our population, even though we were provided with twice the amount of food we consume at the present time. I find that the Liberal party is in pretty good company, because at the international labour conference held in Philadelphia in May last the following statement was made with regard to trade, enunciating the fact that we must take note of what is taking place in other lands:

> The war against want requires to be carried on with unrelenting vigour within each nation, and by continuous and concerted international effort in which the representatives of workers and employers, enjoying equal status with those of governments, join with them in free discussions and democratic decision with a view to the promotion of the common welfare.

And this is what I ask you to note particularly. This is an outstanding resolution:

> Poverty anywhere constitutes a danger to prosperity everywhere.

That is the point of view held by those of the Liberal party who are looking to the furtherance of trade, believing that we cannot remain in our shell or live unto ourselves and hope to prosper. Isolation, sir, is as dead to-day

as the great wall of China. When one realizes that it takes only about sixty hours to travel completely round the globe, one realizes how close countries are to one another and that we must pay greater attention to the prosperity and well-being of other countries as well as the prosperity and well-being of our own. When we think of the brotherhood of man, we must realize that this brotherhood was not intended to be confined within the borders of any one country.

In British Columbia for many years, emanating from those belonging to the C.C.F. and emanating as well from members of the C.C.F. party in this house, there have come public utterances upholding the Dominion of New Zealand. The other day an hon. member pointed out, in answer to an interruption, that the general picture of welfare in this country was ahead of that of New Zealand. I have gone into this matter a little, and these are some of the things I find. Take the debt charges in New Zealand, for instance—and I have the debt charge translated into dollars so as to make it comparable with that of our own country. The public debt charge of this country is on an average $680 per head, while in New Zealand it is $1,010. Take interest charges. We have heard a great deal about interest charges and debt-free money, but there again we are still ahead of New Zealand. Interest charges in Canada amount to 2·90 per cent—and I understand even that has been reduced—whereas in New Zealand the interest charges are 3·42 per cent. We have heard a great deal about the load of debt on the Canadian people. Well, the load of interest debt in Canada works out at something like $14.65 per head, whereas in New Zealand the load of debt is $28.75. I have given the interest charges they are paying on loans, and I have given the public debt. Now, coming to taxation, this may interest hon. members. I have not time to go into it fully, but I shall be pleased on another occasion to elaborate on these matters individually. The single man in New Zealand earning $700 pays something like $53. In Canada it works out at $26, with $13 refundable. The married man with two children earning $1,500 per annum pays in Canada $49.50, with $24 refundable. In New Zealand he pays $154. This information I have obtained from the New Zealand *Year Book*.

Mr. GILLIS: But you are only quoting half of it.

Mr. REID: I am giving the full details on interest and debt, and I shall be glad to discuss the entire New Zealand situation with any hon. member of the house, because the picture gets better as it goes on.

[Mr. Reid.]

Mr. GILLIS: It is not fair to put half of it on the record.

Mr. REID: That is the old way of putting something across, by rising and making such statements. You are putting that in my speech; it is very cutely done but you are all wrong. It is a habit you have had for a number of years, and I would ask you to keep your seat and possess your soul in patience. I can discuss it with you in committee.

Mr. GILLIS: You are insulting a sister dominion.

Mr. REID: I resent that. I am not insulting anyone. I am putting these facts before the house only for one purpose. It has been held up to the people of this country by the C.C.F. that if we adopted a government similar to that in New Zealand all the good things people hope for would be bestowed on the Canadian people. I am not bringing this forward for any other purpose than to answer my hon. friend. I do not wish to introduce division between sister dominions, but it is said so often by members of the C.C.F., both in British Columbia and here, that I am impelled to correct their statements and keep the record right and true. When it comes to taxation, it would appear that they soak the workers there. We in Canada place the burden of taxation where we believe it can best be borne. For in the matter of income tax they pay more in New Zealand until the sum of $10,000 per annum is reached, and thereafter it gets less, whereas in Canada it increases very greatly indeed. I could quote bond interest too, which is less in Canada. In regard to New Zealand's financial position I doubt, Mr. Speaker, had it not been for the help of Great Britain during the war, whether she would have been in as good a financial position to-day as her books would seem to indicate.

With regard to Canada and rehabilitation, may I say without fear of successful contradiction that the provision we have made for our service men is not bettered or equalled by any other country of the allied nations. There is only one thing that I believe New Zealand has done a little better than we, and that is with regard to the matter of clothing allowance. I hope that will be adjusted in Canada before very long. In the matter of treatment, pensions and hospitalization for service men, I know of no country which is doing more than we are. In saying that I do not want to leave the impression that we have finished or reached the ultimate in the treatment of our service men and women. I am

merely stating the fact. If anyone has any statement to make to the contrary I shall be glad to hear it.

British Columbia is taking quite a part in the work of rehabilitation. The government of that province set up a committee composed of representatives of all parties in the assembly. The report of that committee emphasized the matter of finance. The hon. member for Fraser Valley (Mr. Cruickshank) in his speech this afternoon touched on the subject of municipal finances. While I realize that no definite projects can be outlined at the moment, the general plans are, however, outlined, and the government of the day should as soon as possible let the cities and municipalities know what their position will be in regard to loans. If the municipalities could obtain loans at cost, say, three-quarters of one per cent, I feel sure that every city and municipality would immediately set to work to outline post-war works. Remember, Mr. Speaker, that a great deal of the burden of rehabilitation will fall on these cities and municipalities, because when a man is seeking relief, and sometimes when he is seeking employment, the first place to which he goes is the municipal council. In every recommendation presented on behalf of the government of British Columbia that one point was brought out.

I am not going to weary the house because this document is too voluminous for me to place on *Hansard,* but I wish to read one of the recommendations that was put before the dominion government. It is as follows:

> No information seems to be available as to what procedure will be followed by the dominion government in allocating proportions of cost under any of the rehabilitation programmes where they operate to the benefit of municipalities. Naturally a programme involving one and a half million dollars is entirely beyond the capacity of most cities.

Then further:

> Your committee appeared before the provincial government rehabilitation committee early this year—

That was 1943.

> —presented their report, and entered into a discussion regarding some of the proposals, especially regarding the method of financing post-war schemes. We feel that until the question of finances has been settled, the whole work of all post-war committees has been futile. The provincial committee themselves have not a solution, as they in turn await the decision of the federal government on this point.

Therefore I urge upon the Prime Minister and the government the necessity of arriving at a decision as soon as practicable, and so that the municipalities, cities and provincial governments be informed as to what help they may expect from the dominion government and what rates of interest will be charged for loans.

I would make one other proposal to the Prime Minister and to the government. Before the programme of rehabilitation starts, steps should be taken with regard to the debts owing the dominion government by provincial governments. I was looking over this matter before I came down to the chamber this afternoon, and I was surprised to find that according to the last auditor general's report the provincial governments owed the dominion government something like $313,309,016—and by the way, Saskatchewan did very well in that respect because that province was lent a considerable sum of money, according to the record; they owe the government $79,828,017. As one looks over the staggering amounts one realizes that that is one of the things that should be taken up at either the forthcoming dominion-provincial conference or as soon as possible thereafter, to see if some means can be devised for clearing up those debts which hang like a cloud over the provincial governments. The provincial governments in turn have lent large sums of money to municipalities, and those debts also hang like a cloud over the municipalities.

In his speech of yesterday afternoon the hon. member for Royal (Mr. Brooks) made some reference to the fisheries. I am not going extensively into the matter of fisheries this afternoon, but in looking through the recommendations and statements made by the government I notice that fisheries have been mentioned as one form of rehabilitation. May I point out to you, Mr. Speaker, that in so far as British Columbia is concerned I doubt whether we can take many more men into the fishing industries. We may be able to take more men, women and youths into the canning factories, but I doubt whether we can place or take care of any more men as fishermen. I say that for this reason: the quantity of fish in our waters is, after all, limited, and the more men put into the industry the smaller the return will be for the individual fisherman. However, there is one branch of the fishing industry into which we could place more men. I refer to the halibut fisheries. Under the provisions of the international halibut treaty the yearly allotment of the United States and Canada is something like fifty million pounds. We have never been able to take more than one-third of our share. The United States fishermen have been able to take the larger part, up to three-quarters of the amount allotted. They can do that because they have larger and better fishing vessels which can go

farther afield. They are better fitted to withstand the rough seas one or two hundred miles off our shore. Canada is bearing fifty per cent of the cost of the halibut fishery commission. Is there any reason why our fishermen should not be encouraged to take their fifty per cent of the allotment?

Since 1939 some ninety large fishing vessels have been taken from the fishing industry in British Columbia for military purposes. These boats, or better ones, should be put back for the specific purpose of fishing for halibut. Everything that it is possible to do should be done to enable our fishermen to compete with United States fishermen on the halibut banks. When the Japanese were taken out of British Columbia and the fishing licences were curtailed in 1941, it was stated that the fishing industry would suffer. It may interest the house to hear actual figures, and to know what the results have been since the Japanese left the fishing industry.

There were 1,337 Japanese fishing vessels taken over from the Japanese, and sold, the money being held to the credit of the individuals concerned. In 1941 there was a total of 13,602 fishing licences in all issued in British Columbia. Of that number the Japanese held 2,080, or 15·4 per cent. In 1942-43 the number of fishing licences increased until, at the last issue, they amounted to 15,379, an increase of 1,777. The actual picture is that 3,857 more fishermen have entered into the fishing industry since the Japanese left British Columbia. I would ask this very practical question of the C.C.F. In their rehabilitation programme will they allow the Japanese to return to the fishing industry of British Columbia? I would like to have that question answered. My stand is that they should not come back. The fishermen of British Columbia, however, should be told. They should be told whether if the C.C.F. were elected to power the Japanese would be allowed to come back into the fishing industry, because at the present time, with 15,379 licences issued, there is not a decent living for many more.

Mr. GILLIS: The hon. member said a moment ago that the British Columbia legislature had instituted a reconstruction committee report, of all parties?

Mr. REID: Yes.

Mr. GILLIS: Did they make a recommendation?

Mr. REID: In the book I have before me, they might have; but in the report I have not seen it. I want to be fair, and say that they might have. However, I have not seen any. In the report of the post-war rehabilitation council, the members of which are named, I could not find any recommendation regarding fishermen.

Mr. GILLIS: That is the body which should make a decision, because it is a British Columbia matter.

Mr. REID: The issuing of licences is not a British Columbia matter. It is not the provincial government which will make the decision; it is the people of British Columbia who will make it when the proper time comes. However, I want a statement in that connection, because I do not want the people to be misled. When they vote they should know what they are voting for.

I see my time is going on, and I shall proceed with my closing observations. In connection with rehabilitation I would say that first consideration must be given our fighting men; for without their sacrifice no rehabilitation or social security would be possible for us. While plans are being laid now to rehabilitate the men and women in our active forces after the war, and likewise to provide employment and other social measures for our citizens generally, much more thought will have to be given to world conditions than has been given to them by our people. Social security cannot be assured us unless we can be assured of a reasonable and lasting peace following the end of this war; and there can be no national security in a policy of isolation. One of the great problems facing the allies now, aside from the winning of the war, is how we can prevent another blood bath in the future; for the winning of the war may not bring peace.

For the past few years statements have been made throughout Canada about the danger of winning the war and losing the peace. While what is meant by losing the peace is open to many interpretations, to my mind one danger facing us is that owing to careless thinking on our part, or to not thinking at all, we may lose what freedom there is left. To many people, thinking is hard work. History can show many examples of peoples who have lost their liberty because they were too lazy to think out for themselves the problems that all free peoples must solve if they are to continue free. To my mind dangerous fires are being lighted in the minds of the people these days, fires which may flare up and consume us before we fully realize what it is all about.

Underneath a lot of the loose talk uttered to-day the real issue is not readily seen. That real issue is not so much economic as it is philosophic. The real issue is whether we

should trust to the state supreme power over our lives. Never let us forget that our fathers found out long ago that complete power over our lives could not be trusted to anyone, no matter how wise or how virtuous a king or even a government might be. Men preferred to live their own lives; and so there was devised a society with power of its own to resist the government. If ever the state obtains complete mastery of our lives, freedom will be gone for ever. Once a single power, whether the state, the capitalist, the labour unions or any other group, undertakes to run our lives according to a certain plan and to guarantee by that plan to produce certain results, then it can brook no interference; for if the plan fails the rulers lose either their jobs or their lives.

It must not be inferred from what I say in this regard that I am advocating that we must not have new rules to prevent greed and the exploitation of the great masses of our people. New rules will have to be provided—yes, and enforced—so as to ensure a fuller and better life for all our citizens. In doing so, however, let us be very careful that we do not throw away for a mess of pottage the most cherished jewel of all, namely our individual freedom. The right to live one's own life, the right of free speech, the right to worship God in our own way—all these are a heritage which to me is priceless, and can never be compensated for by material things alone. It is as true to-day as when spoken by Christ, when he said, "Man shall not live by bread alone."

Mr. G. G. McGEER (Vancouver-Burrard): Mr. Speaker, I rise to say a few words to-day in the debate on this bill, because I believe it brings into focus the culmination of a long series of events since the turn of the century. This happens to be the first time any government in Canada has assumed the responsibility of setting up a department of economic direction.

The powers in the bill, which are to be vested in the minister and which are being delegated by parliament to the governor in council, vest in the new ministry a power over the economic well-being of individuals in Canada which, in itself, would have caused a revolution only a few years ago. Just what the exercise of those powers may be will be for history to disclose. But I think the acceptance of the provision for the wide powers extended to the ministry indicates that the government is well conversant not only with the seriousness of the problems which lie ahead, but also with the enormous difficulties which will attend their solution.

I for one hold the firm conviction that Canada is well provided to meet with success the post-war period, notwithstanding my belief that the difficulties will be just as great and just as costly as have been the problems of sustaining the economy of the nation through this period of war. There is no chart to guide us now as there was no chart to guide us when we embarked on the war in 1939.

I think some facts stand out, and here are what I consider the general broad conceptions of the main problem. Gainful employment will have to be provided for some five million Canadians, two million of whom are now engaged in the fighting services and in war industry. We have a public debt already of $14 billion, and upon any reasonable basis of estimation this will be rising for some time to a figure much larger than that. Already we have $11 billion of national federal debt, $2 billion of provincial debt and $1 billion of municipal debt.

Do not make any mistake about the condition of our provinces and municipalities. Representatives of both have appeared before the reconstruction committee. The Hon. Mr. Garson, Premier of Manitoba, pointed out in great detail that that province will have revenues wholly inadequate to provide for a greatly expanded programme of expenditure. I am confident that while every province has gleaned something from deferred maintenance during the war and from war revenues, there is not one which under its existing revenue powers has the financial resources to hope to make up in the post-war period the deferred maintenance that has accumulated during the war years.

Those who are interested in Mr. Garson's views will find them in the evidence of the reconstruction and reestablishment committee, No. 19, page 486, June 2, 1942. On November 27, 1943, representatives of the mayors' federation of Canada appeared before the committee and stated:

> The financial resources of the municipalities are wholly inadequate for any large scale post-war public works programme such as probably will be required.

That was not so after the last war. At the close of the last war the provincial and municipal governments embarked, not only upon a programme of making up deferred maintenance but upon a progressive programme of general expansion. On the other hand, the dominion government curtailed expenditures and moved toward a programme of balanced budgets with the objective of reducing the national debt.

Many people ask, and with some justification, "Are we going to move from this war into a period of illusionary prosperity and then collapse into a condition of hopeless inactivity?" There was never anything wrong with the wealth of Canada from 1930 to 1939, but

there was something wrong with the machinery that maintained in circulation the economic power of the collective society of the people of Canada. We were told after the last war, "You have spent your money; the war has caused this debt; you have to tighten your belt and meet your obligations." No one can find much fault with that kind of honest theorizing.

Unfortunately, however, when the government stopped spending the country lost the power to expand, and all of a sudden the complete collapse of the economic structure took place. I should like to draw to the attention of the government and the minister some facts which are indicative that the financing of this war has followed closely the pattern of the financing of the last war. There are some details which vary greatly, but let me direct attention to the fact that in 1941 our total bank deposits were $1,052 million, while in 1918 they were $1,942 million. We increased our bank deposits by $842 million.

What have we done in this war? In 1938 our bank deposits were $2,498 million, and in April, 1943, they had risen to $5,297 million. Do not make any mistake about what that means. It means that the debt claim currency of this country, which was the cause of the trouble after the last war, has shown a proportionately larger increase during this war than it did in the last. That is not national currency circulating as a servant of the people; that is not currency issued in terms of public need; that is debt claim currency which is not spent into circulation as an operating medium of exchange but lent into circulation as a debt claim upon the nation to provide a monopoly. Make no mistake about what that means. If that is not changed, this system of frustrating every effort of progress, breaking down every power to move forward, all the plans, yes, all the sacrifices of this war will have been in vain.

Let me refer to another similarity. We have gone through this before and we are going through it again. Do not think for one moment that we on this continent will be given any special dispensation. What will permit us to escape the consequences which have befallen the people of Europe if we make the mistakes the people of Europe have made? In 1914 our public debt load was $335 million. By 1918 it had risen to $1,191 million, an increase of $866 million. But let me give the increase in the debt load since 1939. In 1939 we owed a debt of $4,693,000,000. On December 31, 1943, it had increased to $11,300,000,000. The increase in the federal debt in 1918 was $866,000,000, and to-day it is already $6,609,000,000. That debt must be serviced. Our interest charges have risen, although the rate has beeen cut, from $169,000,000 to $304,000,000. Our interest charges at the close of the last war were less than a hundred million dollars, and yet we heard those responsible for the government of Canadian cities, those responsible for the government of our provinces and those responsible for our federal government declaring throughout the whole of the period from 1920 to 1929 that the crippling power, the all-evading restricting force upon Canadian democracy in all its services to the people lay in the fact that there were fixed charges that could not be reduced; it lay in the fact that the debt load had increased to the point where nothing could be done without deficit budgeting, which is against sound, practical, financial economy.

What is the solution of that problem today, for it is not going to solve itself, and the men of to-morrow in our cities, in our provincial governments and in this parliament cannot escape finding a solution of this problem. I have listened to a great many ministers of finance. But I have never heard one minister of finance who approved deficit financing. I have never heard a responsible public man declare that a nation or a province or a city or an individual could go on and maintain its or his economic security by pyramiding an ever-increasing load of interest-bearing debt. There is plenty of evidence to prove that that debt load is a menace to-day.

You see, Mr. Speaker, it is all very well to say to the people: Your debts must be paid. The moment you start regimenting your people or imposing upon them a burden of taxation, you face one of two things. You face open revolt and repudiation of the government, and at the same time you face the line of diminishing returns. We are already at that point in Canada.

I support heartily what I thought was a splendid presentation of the situation by the hon. member for Parry Sound (Mr. Slaght) the other evening. But men say: How can you reduce taxation and increase public services? How can you call upon the government to cut down its levy of taxes on the people and to extend its expending power to provide services and improvements which the people are demanding? And we come to that easy phrase, You cannot get something for nothing. That on the face of it seems to be reasonable. But certainly under the existing system of issuing the medium of exchange, not in terms of public need, but in terms of private gain, through a toll-gate of interest imposed by

private monopoly, you cannot escape the disaster of overwhelming and unpayable debt.

What is there in the way of solution? There was a time when men believed that the medium of exchange available to the people depended on the amount of money metal they could dig out of the ground. When the cycle of trade depression came around, unless you could discover a gold mine in California or Australia or perhaps the Cariboo, poverty would have to remain. As late as 1930 I heard the then Prime Minister of this country declare that gold is an asset necessary to our credit and that without our gold reserves our money would be valueless.

What has happened to that theory? It has gone, and gold has not lost its value. Gold plays a great part, as well as silver, in our international world to-day, and it probably will continue to play that part. But make no mistake about it, we have been released forever from the restricting powers of gold upon the volume of our internal currency, and to-day The Bank of Canada dollar, printed with a printing press upon a piece of paper, has behind it the integrity of the government, the resources of the entire nation and the intelligence of the Canadian people.

We have a means of creating a medium of exchange and putting it into circulation without accumulating an ever-increasing burden of debt. I just want to go back a little while, because what I am preaching is not new. I came to Ottawa many years ago and I laid before the banking and commerce committee of 1934 these proposals:

> The successful operation of the New Deal for humanity proposed by the Liberal party necessitates the establishment of the administrative foundations which I outlined to the banking and commerce committee on May 1, 1934, namely:
>
> (1) A national banking system controlling the issue of all currency and monetization and issue of credit transferable by cheque.
>
> (2) A department of taxation empowered to prevent excessive accumulation of currency and credit in issue;
>
> (3) A department of economy for the regulation and control of all internal trade, commerce and credit;
>
> (4) A department of foreign trade for the development, control and regulation of international trade, commerce, currency and credit.
>
> This plan does not involve the socialization of private finance or the wiping out of the legitimate business of the merchant banker. It can and should be confined to the national administration of currency and public credit devoted to the financing of all public enterprise and the maintenance of an adequate stream of consumers' buying power. Under this plan the national government, working in cooperation with the provincial and municipal authorities throughout the dominion can eliminate the disastrous costs which the private money system now imposes upon the financing of all public enterprise. We can eliminate unemployment, reestablish a rising standard of living, and advance our internal and external trade. Education may continue to iron out the social and economic inequalities which unfortunately persist. Steps to secure a greater measure of equity in the distribution of wealth may be undertaken with greater hope of success. Government will be able to function more effectively in maintaining a fairer balance between the city, agricultural and industrial communities. We do not assume that the Dominion of Canada can maintain economic independence, but we do say that under this plan the government of the dominion will be able to maintain, in cooperation with those nations who are willing and anxious to trade with us, a measure of economic security that has never been enjoyed in the past.

How much of that plan has been put in effect since 1934? All of it in some degree. The only thing lacking to give the government of Canada to-day power which every democratic government should have is the power to issue currency through its own national institution as the spending power of government.

I asserted at that time that we could not go on indifferent at the head of national government under our constitution to the financial needs and taxation powers and responsibilities of provincial and municipal governments. We found ourselves in those years in the junior branches of government hopelessly without the means of financing undertakings which would have eliminated much of the unemployment in our cities. School-teachers went unpaid. May I say that there is a great group of people throughout our national economy to-day who are underpaid, who are not receiving adequate compensation for the increase in the cost of living, or for the positions which they hold in our social and economic life, or for the services they render to the community at large.

If we are to have a peaceful period of secure progress after the war we have to meet some other problems. After the last war the number of airmen returning was comparatively small as compared with the numbers that will return in the uniform of the Royal Canadian Air Force after this war. The training they have secured and the record they have written in the skies entitle them, yes, entitle them all, to a place in the social order and economic life which will be worthy of the place they now hold. They will rightly demand a place in a nation enjoying a high state of progressive prosperity and they will not be satisfied with anything less. The men and women who will return in the uniform

of Canada's navy are highly trained. They have held an important place. Do you think they are going to be willing to return to be mere hewers of wood and drawers of water? Are they to return to a life in which they may be told to-day that they can have a job and to-morrow that it is not available? So it is with the men and women of our army. They are trained to be leaders in the great forces of mechanized power. Do you think the problem of reestablishing the demobilized forces will be in any respect similar to what it was after the last war? Go through any of your modern factories; look at the people engaged there. The surroundings, the work they are doing, the wages they are receiving, are industrial conditions of the highest standards. Do you think for a moment that they will return to a standard of living such as obtained in Canada from 1930 to 1939? They will not do so. They will not be satisfied to accept it.

How then can this problem be faced? It certainly cannot be faced under the present debt claim system. It cannot be faced under a system of taxation which has already passed the line of diminishing returns and is destroying private enterprise—

Mr. BLACKMORE: And human life.

Mr. McGEER: —and private initiative. There is not any question about that.

Here is a new standard to be developed, an enormous debt to be reduced, and a condition of taxation which has already gone beyond the limits of reasonable acceptance.

That brings me to what I rose to speak on to-day, the problem of changing our banking and monetary system so that it will conform to a new order. Can we do that? Yes, Mr. Speaker, I believe we can, but I believe that it involves fundamental changes in our whole banking law. I believe that on the changes which are made in this regard depends more than anything else the success with which we shall be able to assume and fulfil the responsibilities which lie before us.

The Bank of Canada as at present formed has the power to finance our federal government by a straight issue of national currency, but it has no power to take deposits and no power to take advantage of deposits as a means of obtaining the benefit of a circulating currency or of controlling the circulation of currency. Those amendments are necessary.

A further amendment of the banking law is required to compel the Bank of Canada to be the financing authority for all public enterprise and to stop the chartered banks from issuing currency in the form of bank deposits as a substitute for Canadian money. They should be empowered to lend their own deposits and to lend their own capital; but to leave with them the power to issue a bank deposit debt claim as a substitute for currency, as a substitute for the Canadian medium of exchange, and to compel all Canadian governments and the Canadian people to be dependent upon that type of medium of exchange, is to leave us at the mercy of a private monopoly. It is because we have depended upon that kind of thing in the past that we have suffered both from inflation and from deflation, and so long as the present system continues we shall find that recurring condition inescapable. But, you say, how is that going to help our provincial and municipal governments? I would suggest that the time has come when we should have associated with the Bank of Canada a bank in each of the provinces of the dominion, a bank which will have close association with provincial and municipal governments, working in conjunction with each other and in conjunction with the federal bank, that is, the Bank of Canada, so as to be able to provide whatever finances are necessary to sustain the provincial and municipal economy.

Would such a system as that involve us in an inflationary condition? I do not think it would; but I am sure of one thing, that it would be possible under that system to avoid the disaster of inflation in the future. We have always suffered from deflation. We have never suffered from inflation. It was the deflation in 1921 that caused the disaster; it was the deflation in 1930 that caused the disaster. Where was there ever any inflationary condition from which the people of Canada have suffered? We have never had any means available to us to lift the people out of depression other than by piling up a new load of interest-bearing debt. We have never suffered from inflation and we never shall under the present system; but we shall invariably suffer from deflation, and that is what has happened in the past.

Should a government be provided with adequate means of financing a progressive rate in the standard of living? We are told in this house to-day that the problem of financing old age pensions is something which should be carried on by the provincial governments, and because we say that the cost will be too great a burden upon our national finances we leave the old age pensioners to struggle along on a miserable pittance. Take the burden of taxation as it moves across the under-strata in every class of society, taxed below a decent standard of living to-day. The power to avoid that kind of thing is the power that modern democratic government must take

unto itself, and it must take it to itself through a sound and correct amendment of our currency laws.

We in Canada can look forward to an enormous expansion. We have a young country, the development of which is barely touched. Remarkable as it may seem, as yet we have not a single trans-Canada motor highway across the dominion. You can start at the eastern boundary line and go right through to the shores of Vancouver island, and in every part of the dominion there are millions of jobs crying to be done. Let me point out just one. Technical training is one of the great opportunities in Canada. We have built up during the war, around the national research council, a great organization that has made a splendid contribution to the war programme. Is there not an opportunity to take our national research council as it is to-day and consolidate it into a great technical training and scientific research training school to be applied to the development of our Canadian resources? There is one extension to our educational system that can be closely related to the whole development of our resources in line with the new age that is approaching. That is only one example. But none of these things will be available to us in all their full value if they are to be frustrated by a continuing and progressive load of unpayable debt with its burden of taxation and its ultimate burden of stagnation and repudiation.

THE ROYAL ASSENT

A message was delivered by Major A. R. Thompson, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Honour, the deputy of His Excellency the Governor General, desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, the house went up to the Senate.

And having returned.

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An Act for the relief of Julia Menard Mills.
An Act for the relief of Vera Esteri Seppala Vuorimies.
An Act for the relief of Violet Magdalen Johnson Overall.
An Act for the relief of Edna Lyall Burgess Lambert.
An Act for the relief of Barbara Hellen Smith Dodds.
An Act for the relief of Ellen Margaret Doris Sheehan Decary.
An Act for the relief of Kathleen O'Raw Major.
An Act for the relief of Vernon Oswald Marquez.
An Act for the relief of Wilson Allan Martin.
An Act for the relief of Victoria May Larkin Kirkcaldy.
An Act for the relief of Nellie Blinkhorn Cowie.
An Act for the relief of Milliam Mace.
An Act for the relief of Pauline Hislop Ralph.
An Act for the relief of Ethel Mary Moffatt Shaw.
An Act for the relief of Alfreda Elsie Hatch Carpenter.
An Act for the relief of Rachel Segal Kaparofsky.
An Act for the relief of Paul Lapointe.
An Act for the relief of Vera Grace Percy Moore.
An Act for the relief of Jean Fernand Georges Robitaille.
An Act for the relief of Marie Stella Gisele Payette MacRae.
An Act for the relief of Horace Henry Chapman.
An Act for the relief of Florence Berger Bassin.
An Act for the relief of Roland Edouard Levert.
An Act for the relief of William Cowie.
An Act for the relief of Nita Marjorie Hammerich Ward.
An Act for the relief of Margaret Kirsen Brown MacRae.
An Act for the relief of Margaretha Bernhard Cronauer.
An Act for the relief of Henry Rattigan.
An Act for the relief of Margaret Millar Short.
An Act for the relief of Mary Annesley Iverson.
An Act for the relief of Annie Drewniak Sonberg.
An Act for the relief of Celia Zlatkes Azeff.
An Act for the relief of Louisa O'Tool Shelley.
An Act for the relief of Miriam Schwartz Silcoff.
An Act respecting Gore District Mutual Fire Insurance Company.
An Act to incorporate Wesleyan Methodist Church of America in Canada.
An Act respecting a certain patent application of Claude H. Peters.
An Act respecting The New Brunswick Railway Company.
An Act for the relief of Theodore Zalopany.
An Act for the relief of Thelma Alice Warren Whittet.
An Act for the relief of Ethel Sangster Muir.
An Act for the relief of Kiril John Christo.
An Act for the relief of Helaine Ethel Leopold Lax.
An Act for the relief of Cecil Benjamin Pomeroy.
An Act for the relief of Paul Sanson White.
An Act for the relief of Mary Hope Beers Ross.
An Act for the relief of Wasyl Usypchuk, otherwise known as William Usypchuk.
An Act for the relief of Walter Stanley Spencer.
An Act for the relief of Emma Gertrude Groves Morris.
An Act for the relief of Gertrude Margaret Amy Ogilvie.
An Act for the relief of Myrtle Josephine Teel Odell.
An Act for the relief of Marjorie Helen Parker Leduc.

An Act for the relief of Margaret Derry Kirby.

An Act for the relief of George Thomas Bragger.

An Act for the relief of Freda Watson Norman Daniels.

An Act for the relief of Iris Mabel Dash Wilkinson.

An Act for the relief of Thomas Henry Dwyer.

An Act for the relief of Elsie Margaret Ormandy Henderson.

An Act for the relief of Arthur Charles Duffy.

An Act for the relief of Kathleen Edna Ellis Wainwright.

An Act for the relief of Diana Lenore Carsley Tenenhouse.

An Act for the relief of Charlotte Muriel Wright.

An Act for the relief of Sarah Carmichael Hay Johnston.

An Act for the relief of Margaret Georgina Isabel Townsend Mansfield.

An Act for the relief of Pasquale Di Guglielmo.

An Act for the relief of Theodora B. Ostlund Fruitier.

An Act for the relief of Erna Warthold Langlois.

An Act for the relief of Ruth Steinwold Lauer.

An Act for the relief of George Hodgson Fisher.

An Act for the relief of Molly Gurevitch Gladman.

An Act to incorporate Fundy Air Lines.

An Act to incorporate The Executive Board of The Canada Conference of The Evangelical Lutheran Augustana Synod of North America.

An Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1944, 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 War Appropriation (United Nations Mutual Aid) Act, 1943, and for granting to His Majesty aid for the purposes of the said Act.

An Act for granting to His Majesty aid for National Defence and Security.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

RECONSTRUCTION

ESTABLISHMENT OF DEPARTMENT TO FORMULATE AND CARRY OUT RECONSTRUCTION PLANS

The house resumed consideration of the motion of Mr. Mackenzie King for the second reading of bill No. 82, to establish a Department of Reconstruction.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I have no desire to detain the house any longer than is necessary for me to make a few remarks on this bill to set up a Department of Reconstruction. At the outset may I say that I do not believe I have ever before experienced such a tense house as I experienced this afternoon, when the Prime Minister (Mr. Mackenzie King) gave his official statement respecting some of our men who were among those who had been shot in Germany as they attempted to escape. Every heart here seemed to be hushed as we thought of it. I may say, too, that I think all hon. members agree with the Prime Minister when he says that such action should not be allowed to go by without punishment eventually being meted out to those who are responsible. I trust, too, that that punishment will be a penalty to fit the crime.

Some of us have boys in this war; some of us have lost sons in this war; some of us have sons who are prisoners of war, while others have sons who are facing the enemy on the seas, on the battle field and in the skies. Those brave lads who were shot gave up their lives for their country, and I trust that their sacrifice shall not have been in vain.

If the present administration are sincere in setting up this new Department of Reconstruction—and at the present time I have no reason to believe they are otherwise—and if they put their hands to the task and really attempt to bring about a new order in Canada which will give all men their security, and at the same time retain for all men their individual freedom, they will then have done something worthy of the sacrifices made by those young men.

The term "reconstruction" is something of a misnomer in Canada, because it appears to me that one cannot reconstruct something that is not broken down. So far as Canada is concerned—and the Prime Minister recognized this in his speech on the bill the other day—we have suffered no bombings. Our entire country is still intact. Our industries have already been built up. It will be a matter of transferring Canada from a war-time industrial nation to a peace-time nation. So far as reconstruction is concerned, I must say that I do not see what there is to reconstruct.

I believe, however, there is a great job we need to do. When I think of reconstruction I am wondering if the Prime Minister and his government are not a little bit behind the times. I can recall when as early as 1935 a certain well-honoured gentleman arose in this country and, recognizing that some reconstruction had to be done in those days of depression, brought into existence what was known as a reconstruction party. I believe that was the time when we had need to recognize that something was wrong in Canada. That was the

time when this government, the one now in office, should have set its hand to the task of making Canada what it ought to have been.

I know a good deal of reference has been made in this debate to the past. Hon. members, particularly those on the government side, have said, "Oh, well, that is all in the past; we do not want to know about that. We want to know about the future." But I am at a loss to know, and particularly as I analysed the speech of the Prime Minister, what there is he hopes to get in the future that he could not have had in the past. There must be some reason for reconstruction.

The strange thing about it is—and I suppose it is quite explainable—that there have come from all quarters of the country, and I suppose from other countries which have found themselves in similar circumstances, the recognition of a need for reconstruction. We have boards of trade; we have chambers of commerce; we have industrialists; we have committees of the House of Commons and of the government. Why are there all these demands for reconstruction? I think I can say they have their background in the experience of the past.

While I am talking about the many plans offered for reconstruction, may I, in passing, call the government's attention to a little book I hold in my hand, a book of only seventy-three pages, entitled, "A Report on Post-War Reconstruction Policies," and issued by the post-war policy committee of the Vancouver board of trade. I do not know if the government's attention has been brought to this book, but I would say that I have read it diligently and I declare that of all the voluminous reports I have read with respect to reconstruction I have never discovered anything containing such valuable information as does this small book. It was not issued by the Social Credit government of Alberta. It was not issued by the Social Credit party of Canada. It was not issued by the Social Credit group in the House of Commons. Rather, it was issued by a committee appointed by the Vancouver board of trade, and it does something that many post-war reconstruction reports have not done, in that it analyses the reasons for our trouble. It shows the defects that exist in our present economic and political system. It diagnoses the trouble and then prescribes the remedy. Before the submission concludes, a series of resolutions is presented for consideration. I state this in passing, because I am certain that the committee who worked hard and long on this problem—for they must have done so—have submitted something that I believe will solve Canada's problems in the post-war period.

Many reconstruction submissions which I have read dealt with certain things that Canada might do, what could be built and so on. Submissions have been made, especially to the reconstruction committee of parliament, as to the roads that could be built, the number of bridges that could be constructed, the number of irrigation schemes and what-not that could be carried out. The report of the Vancouver board of trade says nothing about that, it simply asks a fundamental question, how are you going to do these things? This report deals with a question which I have failed to see answered in any other submissions I have read so far.

I remarked a little while ago that it is strange that there are so many reports being submitted. I think the reason is to be found in the history of the past number of years, perhaps the last ten or fifteen. We all recognize that there was something wrong with what is termed to-day to be the hungry thirties. We all saw ourselves pass from a period of depression into a period of apparent prosperity. I do not know that Canada has ever had such financial prosperity as she has to-day.

People are now saying the obvious thing—it has been asked hundreds of times—"You could not find the money for peace, but you can now find it for war." I do not believe that any government from this day on will be able to offer the excuse that they do not know from where they can get the money. If ever the question arises again, surely the people of Canada will be wise enough to know that that answer or that excuse will not hold.

There is one little observation I should like to make right here. There seems to be the unanswerable question of why we had such a period of poverty in the midst of plenty. I have never heard any politician answer that; I have never seen an answer by any professors of the old school of economics. The fact of the matter is that the bygone, orthodox financial expert has not yet answered that one question. The Prime Minister has not answered it. Upon analysing his speech I believe I can come to the conclusion that successful reconstruction depends upon whether or not we can sell our goods abroad. If my logic serves me as I think it should, my other conclusion is that the only reason why we had a depression then was that we could not sell our goods abroad. I am not making that statement; that is the conclusion I come to from what the Prime Minister seems to have said the other day. I do not believe that is the reason at all. I believe the only reason why

we had those hungry thirties, the only reason why we lived in poverty when abundance abounded, was that the government refused to adjust its monetary policy in order that the goods that were available could be distributed adequately to the people of this country.

It always seems strange to me that apparently we have sufficient brains in Canada to tackle almost every problem except the one of finance. The other night Lieutenant Commander Todd gave members of the House of Commons a lecture on the invasion. I could not help feeling at the time that behind that huge fleet, that huge army and that huge air force were the brains that so strategically managed the whole campaign as to have it meet with the success it did. I thought of the genius that must have been behind it all. I think it is one of the greatest wonders of history. Yet we know that this genius is not confined to those who hold the rank of admiral, general or air marshal. Surely there is some intelligence in Canada. Are we to admit that we can solve every other problem but that of the distribution of our goods and services to bring our country to a place where it will have the highest standard of living possible in this world? Surely no one will deny that we have the genius for that. Surely it must be somewhere. Surely that problem is not beyond solution.

I should like to refer to *Hansard* of June 20 when the Prime Minister spoke on this debate, and analyse one or two of the remarks he made and attempt to point out some of the matters which I think need a little criticism and some others which need a little clarification. As reported at page 3980 of *Hansard* the Prime Minister recognizes that there is an aspect of reconstruction which might be termed economic reconstruction. In referring to this type of reconstruction he said:

> That has to do largely with the transforming of industry from making war supplies to making goods for human consumption and with restoring and increasing the capital equipment of the nation, together with the provision of employment for those who are being transferred from the one activity to the other. It is in connection with this economic reconstruction that the new Department of Reconstruction of the federal government will be primarily concerned.

The only reference of the Prime Minister to economic reconstruction is in connection with the transference over to a peace-time industry that will supply goods for human consumption. There is one thing sadly lacking in what I would term to be a description of economic reconstruction. Surely, if there is anything that needs to be reconstructed in order to get a vast amount of peace-time goods to our people, it is our financial arrangement which has never been able to do it. We have had the goods; we have the railways; we have the trucks and we have been able to get the goods right up to the retailer, but we have never been able to get them from the retailer to the larders and parlours and bedrooms of our homes. That is one thing that has been lacking in our economic system. If economic reconstruction is to mean anything, it must solve that one vital problem.

The Prime Minister is at the head of the present government, and surely what he says should be taken as having some authority as far as the Liberal administration is concerned. In all that speech there was not a single solitary stand taken or statement made as to what economic change must take place—actual economic change—actual change in monetary or fiscal policy—not a single suggestion.

I go along a little farther and here, at the top of page 3981 of *Hansard* the Prime Minister is dealing with markets, and repeating what he said a few days ago:

> Markets must be found and retained for our greatly increased food production unless we are not to face an agricultural depression.

Then farther on he says:

> First and foremost—

I want you, Mr. Speaker, to get those words.

> First and foremost there is the obligation to ensure the establishment of what may be most effective in the way of world organization for peace.

Then, after saying that this comes under the Department of External Affairs he says:

> Probably more than any other single question requiring attention in the post-war period will be the securing of wider markets and the extension of trade.

That may sound very well and good to the man who may not be thoroughly alert. But let me ask this question. Suppose this country is not able to gain the foreign markets that we require in order to sell our surplus goods—and no one is so foolish as to believe that every other country in the world will not be looking for the same thing, so that it will be the same old story over and over again and we shall find that foreign markets will not solve our problems for they never have before, not in this modern age, and I do not believe they ever will again—suppose we are unable to get the foreign markets we require, then what? There is absolutely no answer, Mr. Speaker. I repeat, then what? No answer.

Mr. BLACKMORE: From the Prime Minister.

Mr. HANSELL: My hon. friend the member for Lethbridge says that there is no answer

from the Prime Minitser. Of course, we in this group have the answer; never worry about that.

Mr. BLACKMORE: They will find that out after a while.

An hon. MEMBER: When?

Mr. BLACKMORE: When you have bumped your heads a little more.

Mr. HANSELL: As some one has said, if people have to suffer in the post-war world, if they have not suffered enough already, it is their God-given right to suffer more. But we do not want them to. We believe that there is a solution of this problem and that that solution is not to be found in foreign markets. I am not saying that we do not want foreign trade, but I say that there is much ado made about this foreign trade business. It seems strange, does it not, that we have to feed the world before we ourselves can eat? But that seems to be the philosophy held by a lot of people who talk so much about foreign trade.

The Prime Minister in his speech also made considerable mention of cooperation by the provinces with the federal government. I shall read this one passage from his speech as reported at page 3981 of *Hansard,* where he said:

> In times of peace, on the other hand, we have to strive, in carrying out any policy, to get the good will and effective cooperation of every province, as well as carrying out our own work. I hope and believe, as a result of what has happened during the past five years, and of the cooperation which the federal government has had in large measure from the provincial governments, that following conferences still to be held between the provinces and ourselves we shall be able to work out some means whereby we can, in the period after the war, secure still greater cooperation for the benefit of all.

I do not know whether I am right in reading between the lines there, but I should like to make sure to-night that the Prime Minister is not putting the responsibility for this whole post-war picture on the shoulders of the provinces. I hope he has not in mind here that if one or two provinces refuse to accept his proposals at the forthcoming dominion-provincial conference he will turn around and say: We will see what the country has to say about this. That would be an extremely good excuse for bringing the representatives of the provinces here. I trust that the Prime Minister has no such motive.

I wish to say this in connection with provincial governments. The more that power is taken away from provincial governments and put into the hands of a powerful central government, the more is power taken away from the people. Let that be stated in unequivocal terms. The fact of the matter is that you get nearer to the people when you get out to their local governments. The more that provincial governments take responsibility away from the municipal governments, the more is power taken out of the hands of the people. I say this, too. When the hon. member for Essex East (Mr. Martin) the other night brought into the picture the Rowell-Sirois report which one or two provinces refused to accept, the tenor of his argument was that there was no cooperation. Well, why not? Simply because the Rowell-Sirois report to all intents and purposes would have placed more power in the hands of a centralized government and taken it away from the hands of the people, and one or two provinces would not bow down to that sort of thing. The strange thing about the Rowell-Sirois report, which in the end would have established more centralized power and more centralized control, is that it had every banker and every chamber of commerce behind it, and they sent out their literature and arguments to the various boards of trade which did not know what it was all about and which followed in father's footsteps. All the big chain newspapers were for the Rowell-Sirois report and all the big industrialists and, without mentioning any names, a good many politicians were also for it. I say that if this government at the forthcoming dominion-provincial conference attempts to take power away from the provinces, this group is going to stand by the provinces in their argument to retain their power for the reason that their power is more abundantly the people's power.

Let me ask this question. I do not suppose I shall get an answer but it does not make any difference. The central government, namely the government here at Ottawa, have complete control of our monetary system; at any rate they are supposed to have; no other government has it. Am I to be told that this government will not receive the cooperation of the provincial governments if it says to them, "We will see that you get all the money necessary to make financially possible what is physically possible and desirable in your province"? If the government said that, does anybody believe that the provinces would not cooperate? Certainly they would; there is no doubt about that. It is all a question of whether the dominion government is willing—I am not going to say "able"—to make financially possible that which is physically possible.

The other evening, while the Prime Minister was speaking, the hon. member for Lethbridge (Mr. Blackmore) interrupted him—

rightly so, I believe—by asking him where he was to get the money; was he to get it without increasing our debt? I am not going to enter at this time into all the Prime Minister's argument; but I ask him if, some time when he goes home and cannot sleep very well at night, he will turn to page 3987 of *Hansard* and analyse his answer. He went all the way round but he never touched the question. Finally he wound up his explanation by talking about a man having a family and, of course, he would need a home, and of course the home would have to be furnished, and so on. But is that a new condition which has suddenly come upon the scene of this world's economy? It seems to me that that has always been the case. Was it not so in the hungry thirties; was it not even so in the days of those two renowned people known as Adam and Eve? Is this part of a new idea? Is this part of the new order? I should like him to read what he said. I quote from *Hansard,* at page 3988:

> That is the way progress is made, through demands which arise from conditions of peace and prosperity;—

Let me ask him, how can a man make a demand if he has not the money? I know the Prime Minister has studied this subject, and I am positive he knows there is never enough money coming out of industry to buy back all the goods it produces. The Prime Minister continued:

> —and where you get demands of the kind which lead to the fuller employment of labour I do not think my hon. friend need fear about the increase of the public debt or taxation. . . .

Imagine that! The only answer is, "My hon. friend does not need to fear." Well, I say to-night that here is one who does fear that if we are not going to change our monetary policy, if we leave it to business, to industry—all well and good in its place—to sell its goods when people have not got the money to buy goods, we shall go back once again into the hungry thirties. But, oh no, the answer is. "Don't fear, my boy, don't fear; everything is all right; everything is going to be under control."

One other thing I should like to say here. I do not know whether the Prime Minister intended this as a promise or not, but he said, as reported at page 3988 of *Hansard*:

> . . . I believe the nation can go ahead with the great work of construction and reconstruction and at the same time reduce its taxation and reduce its debt.

He added:

> That at least is what I would hope to do if this government is in office when that period comes.

I do not know whether that is an election promise, but I am going to mark that page for reference when I come back here in the post-war period—and I shall come back.

Mr. MITCHELL: The hon. member is just bragging now.

Mr. HANSELL: I say that I shall be here if the Prime Minister is.

Mr. CASTLEDEN: You are working together, eh?

Mr. GRANT: Do you intend to turn Liberal?

Mr. JOHNSTON (Bow River): Who will? I have not found any in my part of the country; there are no such animals out there.

Mr. HANSELL: Since I wish to refer to one or two other things and I have only a minute or two to spare, I must hurry along.

As I have looked over these speeches I declare that the speech made by the hon. member for Jasper-Edson (Mr. Kuhl) has not yet been answered by his critics. Two or three hon. members have referred to it, but they have not given him an answer. What did the hon. member for Essex East say? I turn to page 4015 of *Hansard*:

> I am satisfied that no longer will our people go and receive a dole without at the same time receiving work for which they will be remunerated. Our people will not want to subscribe to the doctrine of the hon. member for Jasper-Edson.

The hon. member for Jasper-Edson never advocated any relief roll or what was commonly known in the relief days as a "dole." What he recommended was a reduction in the hours of labour and a national dividend to make up the purchasing power which was always lacking to buy back our production. When the hon. member for Essex East assumes to say what "our people will not want," is he speaking for our people? How does he know? He must be one of those three tailors of Tooley Street whose manifesto began, "We, the people of England." I want hon. members to get the logic of this:

> Our people believe in the dignity of work They do not want to be idle.

Who said they want to be idle?

Mr. GRANT: The hon. member for Jasper-Edson (Mr. Kuhl).

Mr. HANSELL: He never did. What we believe, and what the hon. member for Jasper-Edson said, is that work by compulsion from anyone at the top is something which takes away man's freedom, and that with the advent

of technological skill the hours of labour could be reduced by scientific methods to four hours a day. The hon. member for Brant (Mr. Wood) asked, "How would I milk all my cows in four hours?" Can you imagine the logic of that?

Mr. CASTLEDEN: How does he do it now?

Mr. HANSELL: If he wants to work more than four hours that is his affair. We do not care if he pulls—

Some hon. MEMBERS: Oh, oh.

Mr. HANSELL: I am sure hon. members do not mind if he milks cows all night if he wants to. We are not going to object to it.

Mr. CASTLEDEN: Five hundred pulls for one cent.

Mr. HANSELL: I see that my time is exhausted.

Some hon. MEMBERS: Go ahead.

Mr. HANSELL: I was only going to say this, that anything that is done to the people of Canada by compulsion from anyone else at all is the absolute antithesis of a Christian democracy. When man was created he was endowed with freedom of will to choose; and every satanic system which has been brought about since the old boy entered upon the stage has contained some device to take that freedom away from him.

Mr. JOHNSTON (Bow River): Even the Liberal party.

Mr. HANSELL: The only way to retain that freedom among men is for them to be able to choose to work at the work they want to do, and to be free to refuse work if conditions are undesirable. The man himself should be able to decide that, and if he wants to turn his talent to the writing of a concerto or the painting of a picture, then he should be free to do so. Compulsion brought to bear upon anyone by any other person is satanic. If it is natural compulsion it is different; but if it is compulsion exercised by any human individual over another it is satanic and I care not whether it is done by Liberals, Progressive Conservatives, the C.C.F. or Tim Buckism. If it is done it is satanic. A glorious Christian democracy is that which gives mankind the blessings the Creator has bestowed upon them and at the same time gives them absolute freedom. I thank you, Mr. Speaker, for your patience.

Mr. NORMAN JAQUES (Wetaskiwin): I should like to associate myself with the ideas expressed by the speaker who has just taken his seat (Mr. Hansell) and with the observations of the hon. member for Jasper-Edson (Mr. Kuhl). I have listened to this debate and to the other discussions on reconstruction and to what is called the new order, and all that it amounts to, so far as I can see, is that everybody is to be put to work. If there is anything new in work, I do not know what it is. Surely work is the oldest order in the world. But when the state undertakes to put everyone to work that is new; it is state socialism, and it does not matter whether it originates on that side of the house or in that corner of the house. It is state socialism just the same and you are all going the same road.

The hon. member for Essex East (Mr. Martin), referring to the hon. member for Jasper-Edson, made this statement:

> Our people will not want to subscribe to the doctrine of the hon. member for Jasper-Edson. . . . Our people believe in the dignity of work.

Exactly. Well, is there any dignity in slavery? Is there any dignity in work performed by a man who is compelled to work, unless from natural causes? If there is, then surely slavery was the noblest institution we have witnessed, and the slave was the noblest of mankind. We know, however, it is not so. Natural dictatorship and the struggle against it is an ennobling thing; nobody denies that. But the Almighty, or Providence, has permitted mankind through science and so forth, to make it possible to lift the burden of a struggle for mere existence from the backs of mankind. And when human beings step in and presume to take the place of the Almighty and to say to men, "You shall work or starve," that is dictatorship and it does not matter whether it is called Liberalism, Progressive-Conservatism, C.C.F.ism or Tim Buckism. It is all the same and it all originates from the same idea, or philosophy. What differentiates not only our group but our movement throughout the world, particularly in the British empire, the movement known as social credit? It is this. We believe in voluntary effort. We believe that the time has come when it is no longer necessary to impose a struggle upon everyone for the bare necessities of life. That has been solved. Struggle there must be, but the struggle should be lifted to a higher plane than the mere struggle for existence. We have always advocated dividends for all and that has been ridiculed. First of all, the question was raised, where would the money come from? Well, at the present time over fifty per cent of the production of this country and of our allies is being given—I say given because it is given in the form of munitions—to Germany

and our other enemies. That is a national or if you prefer, an international dividend. We ask nothing in exchange. As a consequence of that, even though the cream of the nation is either in uniform or in munition factories, while essential retail goods and the necessities of life are being produced by the very young and the very old, in spite of that fact, and that we are giving away over fifty per cent of our production, right out of the country, the present standard of living in Canada is higher than ever before.

I know there are certain inconveniences and restrictions, but I think I am right in saying that, if you average Canada right through, the present standard of living is higher than it ever was before. Certainly it is a great deal higher than it was for the ten years preceding the war. The reason for that is surely obvious. The problem of marketing has been solved. There is no trouble about marketing and therefore there is no trouble about producing. And if you solve the problem of consumption you automatically solve the problem of production. I might say, in passing, that the paying of a dividend is not new. Not only is the idea of it not new, but as an actual fact it is not new. I have here a book entitled, "Monetary Experiments", by Richard A. Lester, and in a foreword by Professor Kemmerer the following appears:

> This study is one of a series being published under the auspices of the international finance section of the Department of Economics and Social Institutions in Princeton university.

This book is published under the auspices of the university of Princeton, and in the chapter headed, "Social Dividend in Maryland", I read:

> When Maryland first issued paper money in 1733 most of it was given away—a certain sum to each inhabitant over fifteen years of age. This was done in order that the paper money might be "the more useful to the inhabitants" and its circulation might be "as speedy and diffusive as possible." The legislature hoped by this means "to remove the difficulties under which the inhabitants had long laboured." In a sense this was a sort of "social dividend" similar to that advocated by Major C. H. Douglas in his books on social credit.

At the end of the chapter there are a few words which sum up the experiment, and they are as follows:

> From his detailed study of forty-five years of money in Maryland, Professor Gould concludes: "Considering the peculiar benefits to grain and tobacco culture, the conveniences offered to trade, and the faithful redemption of every shilling at face value, it is hardly too much to say that this was the most successful paper money issued by any of the colonies."

It can be seen that the national dividend is not even new; this was done before and it

[Mr. Jaques.]

was a great success. To those who, like the hon. member for Essex East and others, have been so fond of saying that it would demoralize and pauperize the people, I would say that it was the recipients of that dividend who a few years afterwards fought and won the war of independence.

I shall now quote a few lines from Douglas himself. He has this to say on state socialism:

> State socialism is based on the premise that, firstly, the control of policy is resident in administration, and, secondly, that it is possible to "socially" control administration, and thirdly, that the state should be able to supply economic pressure to the individual; whereas I suggest to you that the control of policy is resident in credit, and its financial derivations, of which money is one, while administration is a technical and expert matter not susceptible of being socialized, and, lastly, that the only possible method by which the highest civilization can be reached is to make it impossible for either the state or any other body to apply economic pressure to any individual.

That is the reason for the dividend. It should be obvious to any thinking person that the world is coming to the parting of the ways. People speak of a new order. We believe in a new order. A new order should mean individual freedom. After centuries of struggle we have won political freedom but the world has not yet won individual economic freedom. The only offer that I have any knowledge of from any other movement but our own is this: People are being offered economic security at the price of individual freedom. That is what they are being offered. That is what they were offered and received in Germany, Russia and Italy. That is what they are being offered to-day not only in Canada but throughout the British empire. The so-called new order is state socialism. It is based, not on individual freedom as it should be, but on collective security at the price of individual freedom.

Quite recently the hon. member for Jasper-Edson was criticized for a statement he made about the leisure state. We well know that there is no room for a leisure state in war time. That is one of the reasons why war is hell. There is no leisure. But surely after the war is over and when the worst of the damage of the war and the waste of war have been repaired we should look to the ideal of a new order, and that should be toward a leisure state and not a work state; that is, work for the sake of working. Major Douglas has this to say on that subject:

> The more the maintenance of life can be shifted from the backs of men on to the backs of machines, the more important it is to find a creative outlet for the human energy released, and the more certain is it that a considerable portion of this energy will, without compulsion,

be devoted to the improvement of the industrial machines. That is to say, that if a practical policy based on these considerations be pursued there will be a fall in the man-hours required for routine or operating work, and a consequent rise in the man-hours available for design and research work. The industrial machine is a lever continuously being lengthened by progress which enables the burden of Atlas to be lifted with ever-increasing ease. As the number of men required to work the lever decreases, so the number of men set free to lengthen it increases.

I shall read one more quotation from Major Douglas on the leisure state. It is as follows:

If we assume that the constant effort to reduce the amount of labour per unit of production are justified, and we recognize the unquestionable fact that the genuine consumption capacity of the individual is limited, we must recognize that the world, whether consciously or not, is working towards the leisure state. The production system under this conception would be required to produce those goods and services which the consumer desires of it with a minimum and probably decreasing amount of human labour. Production, and still more the activities which are commonly referred to as business, would of necessity cease to be the major interest of life and would, as has happened to so many biological activities, be relegated to a position of minor importance.

This movement of social credit is a great deal more than a mere method of finance. Monetary reform is not enough. Social credit is a philosophy of life, and the financial part of it is merely the means to gain the ends of the policy. The basic philosophy of social credit is freedom for the individual.

There are only two methods of production in the world—there can only be two—compulsion and persuasion. So far, the world has been more or less under persuasion. If there has been compulsion it has been imposed by Providence, by God or by Nature, whichever you prefer. But that has been overcome, and now we are threatened with production by compulsion—a compulsion imposed, not by nature, but by individuals who have assumed powers which, rightly, belong only to the Almighty. That is, in my opinion, the essence of all dictatorships.

We propose that everybody should be guaranteed—every man, woman and child—at least the necessities of life, whether they work or not. I do not mean to say that this would apply, of course, in war time and probably for some time after the war; but it is an ideal to guide us. All work would be voluntary, and that would be a noble thing. As I said before, I see nothing noble in being compelled by the state to work at a task which one must accept or starve. That condition is all right when it is imposed by nature. But that condition we have overcome; the problem is no longer one of production. As every speaker has said, consciously or otherwise, the problem is to market, to sell, if you like, or to distribute what we now can produce in such large quantities.

Therefore there is no longer any reason why all work should not be put on a voluntary basis. We could begin, of course, by lowering the age for pensions, and increasing the amounts. Perhaps we could raise the age for the education of youth. We could shorten the working time at both ends. The ideal should be toward a leisure state, with work freely done and not imposed by a dictator.

I hope hon. members will not deliberately distort what is said by members in this group. I suppose there is not a member in the house who has a family who does not regard it as his duty—and rightly so—to leave his family as financially independent as possible. I am sure that would be the first care and the first instinct of every father and mother in the house. If that is right, then surely that is the very best thing we can desire for our own children. Therefore, in the long run, it must be the very best thing for all children, and all people.

Of course it has never been possible, so long as the world was in a state of real scarcity. But in this day and age, when as a result of the war we shall have immensely increased our powers of production, the problem will not be one of production but, as has been said so often, one of markets. Some say that we shall have to give away to foreign countries a great portion of our production, through a favourable balance of trade and foreign lending—which is the same thing as giving.

I believe that charity begins at home; and if it is necessary—and I am sure it is—to give away part of our production, because there is no other way of getting rid of it, then I contend that we should set a good example in our own country and pay ourselves some dividends. If we did that, it would not be long before the world would follow our example.

Mr. D. KING HAZEN (St. John-Albert): Mr. Speaker, the word "reconstruction" is given a wide meaning in the interpretation section of the bill. It includes every undertaking by dominion, provincial or municipal authority or by any corporation or other person that may contribute to the reorganization of industry, in order to provide maximum production and full employment during and following the change-over from war-time production of industry to peace-time production.

I should like to take the opportunity this definition affords me to bring to the attention of the house very briefly a matter which I

believe is of importance, if some of our reconstruction and interprovincial problems are to be considered and dealt with intelligently. It has to do with the lack of reliable information available respecting trade between the provinces.

If I were to ask the bureau of statistics for figures showing the trade between New Brunswick and Saskatchewan, or between any one province and any other province, the information would not be available. The bureau of statistics does not have such information. It seems to me it is important that such records should be kept, if we are to have a true picture of interprovincial business. Unless we have those records, it is impossible intelligently to study and discuss some of the economic problems and reconstruction problems which will arise after the war. Until such information is available we shall be travelling in the dark, and it will be impossible for us to obtain a true picture of Canada's interprovincial business. I am informed that this information could be obtained by the bureau of statistics and that it would not be difficult to obtain, although it would involve an additional expenditure of about $10,000 a year.

On April 7, 1926, the governor in council appointed Sir Andrew Rae Duncan, the Hon. W. B. Wallace, then judge of the county court of district No. 1, in the province of Nova Scotia, and Professor Cyrus Macmillan, Master of Arts and Doctor of Philosophy of McGill university, to be commissioners under the Inquiries Act for the purpose of conducting an inquiry into the conditions and claims of the people of the maritime provinces and to make such specific recommendations as in the opinion of the commissioners would result in affording relief from the conditions complained of. Mr. F. Maclure Sclanders, commissioner of the Saint John board of trade, acted as secretary of the commission.

The commission's report is dated September 23, 1926, and in it the commissioners urged that a system of statistics should be made regularly available from as early a date as possible on the trade of the maritime provinces with other provinces and with foreign markets as well. Section 39 of the report deals with this matter, and I should like to read the first and third paragraphs thereof. The first paragraph reads:

> We have had brought before us the lack of any comprehensive measurement of the trade of the maritime provinces with other provinces and with foreign markets. We were ourselves disappointed not to be able to pursue investigations on trade matters along lines which such statistics would have enabled us to do. We found on inquiry at the dominion bureau of statistics that consideration had been given some time ago to this very subject but, mainly through lack of organization in the statistics relating to certain phases of transportation, it was not possible to proceed with the plans that had been formulated. We strongly urge that these difficulties should be overcome, as they can be, and that on this phase of internal trade a system of statistics should be made regularly available from as early a date as possible.

The third paragraph reads:

> With regard to the general function of the bureau of statistics, we venture to draw attention to the importance of providing a comprehensive statistical organization in a country situated as is Canada with a series of provinces differing often in economic outlook. Very considerable progress has already been made in this direction, but we feel the bureau could be increased in efficiency by being given improved facilities for the kind of organization it is necessary to develop as an independent central agency covering the activities of all departments from the statistical side.

It has been suggested that the reason why this recommendation was not put into force was that representatives in the house from Ontario and Quebec objected because it would show the trade among the provinces to be in their favour. I do not consider that is the real reason, because I have always found members of the house from Ontario and Quebec ready and willing to give a sympathetic hearing to the other provinces in order to endeavour to find a solution of their difficulties.

Until statistics on this trade are obtainable we shall be travelling in the dark. It is not possible for us to obtain a true picture of our interprovincial affairs or to make an intelligent study of them until these figures are made available to us. I ask the government to implement this provision of the Duncan report and to take steps to see that statistics of trade between the different provinces are made available.

Mr. A. R. ADAMSON (York-West): Mr. Speaker, I have listened with a great deal of interest to this debate with regard to the setting up of a Department of Reconstruction. The more I have heard, the more it has become apparent to me that reconstruction is largely an engineering problem. I happen to be an engineer, and perhaps I can take some of the time of the house to express a few views which are diametrically opposed to some of those expressed by my hon. friends to my extreme left.

The definition of an engineer has been given as a man who can do something for a dollar which it would cost two or three dollars to have done by somebody else. If an engineer is given enough time, enough money and enough men he can do practically anything. Chauncey Depew has said that, given those

three things, he could build a railroad to the north pole. Many of the plans that have been discussed in this house and have received publicity in the public press more or less fall into the category of building a railroad to the north pole. They seem to be very fine in debate and they look all right on paper; but having lived all over the world, having made my living in several countries besides Canada, perhaps I may be excused when I say that a great deal of what has been said is impracticable.

I am going to deal directly with the financial set-up, which has been mentioned in this house at considerable length. If we look at the beginning of chaos in the world we shall see that the first inevitable step toward this war started with the so-called managed currencies. We have the statement of Sir John Anderson in England that the beginning of Great Britain's chaos was with the adoption of the gold standard. That, I submit, is wholly inaccurate. With all due respect to Sir John Anderson, I take issue with him. England returned to the gold standard on the basis of the pre-war price of $20.67 an ounce, with a tremendously inflated currency and a tremendously inflated national debt. To say that that was a return to the gold standard is technically correct, but actually it was a return to an exchange standard between paper currency and metal which could not work because the paper was so tremendously inflated. That is the situation with regard to the adoption of the gold standard in England. Let us see what happened.

Despite everything that has been said, we in this country depend, whether anybody likes it or not, for our prosperity upon international trade, and when the war is over we shall depend for our prosperity a great deal more upon international trade. One fundamental about international trade, particularly forward trade, is that the buyer and the seller can deal in a standard whose value will remain constant when the contract is carried out. Throughout the centuries that has been the fundamental rule of success in international trade. Nothing has altered; nothing will alter.

We see that to-day we have a managed currency. All currencies are managed, fictitiously managed, with relation to the price of gold. In the United States they will purchase gold but not sell it at $35 an ounce, but on the free gold market both in Alexandria and in Bombay gold to-day sells for somewhat over $70 an ounce. The house may consider this an academic question but it is far from it. It means that the great bulk of the people with whom we shall have to trade, the great centres of population which are in the orient still have hard currencies. They believe and throughout years of bitter strife they have found it true that gold is the one thing they can trust to and to-day, despite the fact that large sums of United States currency are circulating in the orient through the American troops, United States currency is at a very great discount and the Americans have had to resort, so I understand, to two types of currency known as the blue seal and the yellow seal.

The pound sterling is an internal currency except in the controlled parts of the sterling block to-day. Its value outside England is extremely variable. Special invasion currency was issued for the attack in Normandy. I mention this because the United States dollar and the pound sterling are to-day, in the minds of the great centres of population in the orient, losing their intrinsic value because they are not convertible into a metallic base. Those are the facts. We may or may not like them. But all history shows that experiment after experiment has been made in fiat money from the time of Marcus Aurelius right down to the present day and it has inevitably brought chaos.

I mention this, Mr. Speaker, because I have lived in two countries where managed currency led to inflation, where I saw great poverty and tremendous distress caused by the printing press. One of those countries was Germany and the other Brazil. One of them after the last war was poverty-stricken; or the Germans said they were. The other country was Brazil, rich in natural resources. Both suffered from inflation, and the people, the workers, were the ones who suffered. I want to make that very clear because I have experienced inflation in those two countries and I know what it means.

It is said that the Americans have or had a hoard of gold which would never be of any use to them. But in the last three months the United States treasury has lost in the neighbourhood of $166,000,000 of gold for external purposes, and that despite the imports and the purchases she has made from Canada and other gold-producing countries which sell to the United States. Furthermore, their gold currency coverage which was over ninety per cent a year ago has dropped to slightly over sixty per cent and it may now be less than that. That is what is happening to the American gold. The American gold is one of the most useful assets the United States has ever had, as was our gold at the beginning of the war, as was admitted by Mr. Graham Towers, who said that Canada's gold saved Canada's bacon in the first year of the war.

We talk about divorcing ourselves from managed currency and having the printed dollar. If I thought it would work, I would advocate it.

Mr. BLACKMORE: Is it working in Canada? There is not a dollar of gold behind our money.

Mr. ADAMSON: We have no international payments at the present time. I have experienced personally the results of the printing press and because of this bitter experience I am speaking in this house to-night.

Mr. KUHL: The printing presses ran wild in the countries you are speaking of.

Mr. ADAMSON: I have seen the printing press start off quietly with just a little inflation. I saw this happen in Brazil. It did not run wild. It happened first with regard to the sale of some securities to build a railway. They found it was easy, and they liked it. It started off quietly, but then in a little while the milreis dropped from thirty-two cents to about six cents and no government could stop its descent. Unemployment became a serious problem and poverty, strikes and eventually a revolution followed the resort to the printing press. I saw that; I experienced it, and it is because I saw it happen in a rich country like Brazil, a country full of natural resources, that I am speaking here to-night. It is one of the most dangerous philosophies that we could accept here in Canada.

Mr. KUHL: There is such a thing as the right amount.

Mr. ADAMSON: They thought they were going to have the right amount. Everybody thinks they are going to get the right amount, but I have yet to know of a case where they stopped at the right point.

Mr. JAQUES: Well, you could not fight a war on that principle; at any rate you could not win a war on it.

Mr. ADAMSON: I have brought this up, as I said before, because this debate has taken a turn toward finance. As an engineer I have seen what happens to my profession; I have seen what happens to construction, housing and the like when the people of the country lose faith in the currency of their country; and they will lose faith again just as soon as we begin to print money without security. Bad money drives out good.

Mr. KUHL: You see what happened under deflation.

Mr. ADAMSON: That is the issue which faces us to-day. In considering all these plans, excellent though most of them are, we must remember that our future depends upon the development of the natural resources of this country and the increase of our trade. We cannot live by any specious theory of finance. That was not the way by which the pioneers of Canada built up this country; and we are to-day, because of the peculiar idea that we can live on the state, headed either for state socialism or chaos.

Mr. HARRY R. JACKMAN (Rosedale): Mr. Speaker, in rising to support the bill by which the Department of Reconstruction will be set up, I cannot be certain, nor do I suppose any hon. member can be absolutely certain whether it will have any great usefulness. It may result in merely a fact-collection agency; and its usefulness or otherwise cannot be foretold in advance of the events which will follow upon victory in this war.

Nevertheless, this Department of Reconstruction may perform a useful purpose, and with that possibility in view I am glad to support it and to advance certain suggestions to which I think the Prime Minister (Mr. Mackenzie King) might give consideration.

It may well be that when victory is assured to us we shall find that our job will not be to provide work for people; on the other hand it may be a job for the government to put a damper on an incipient boom. We have, stored up in the hands of the people, a tremendous amount of savings, much of which cannot be spent at the present time because there are not civilian goods on which to spend them, and we shall see what will be the result, when the war is over, of this great unleashed amount of money which is available for consumer goods. It is, however, well to be in readiness in case there is unemployment and it is necessary to stimulate production and consumption in this country, and it may, therefore, be that the Department of Reconstruction will have a useful and important purpose to serve. In any event, the readjustment and rehabilitation will not be automatic, even if the natural demand for workers is sufficient to absorb all those who are willing to offer their services in the industrial and agricultural and mining fields of this country. However, that natural demand, if it is sufficiently great to absorb them all, is not likely to be facilitated or expedited by the setting up of this department. There is bound to be a time lag between the rehabilitation and the demobilization of the men and women from our forces and from our industries before they are placed in civilian goods industries.

As I understand it, it is not the policy of the present government to create jobs, either through public works or other expenditures

of public moneys, if the natural working of the economic system is sufficient to give our people employment. One does not know whether the ministry of reconstruction will become a mere repository and exchange of information having to do with jobs, or whether it may have a general overriding power over other departments of the government which are specifically charged with carrying on certain projects. It will undoubtedly face a delicate position, because it will have a great deal to do, if it does have any function to perform at all, with other departments of the government and also with departments of provincial governments.

For example, the Department of Reconstruction would undoubtedly know about the amount of money and the amount of manpower involved in government projects of one kind or another. It would also likely know of the amount of money and manpower involved in the major private undertakings throughout the country. But I do not see how it could possibly know of the millions of private projects which will be undertaken by our citizens, whether they be the building of homes or the purchase of durable articles. That information, which is of the greatest importance, cannot be known or even estimated with any reasonable degree of accuracy by a department of reconstruction, and to some extent, perhaps to a very large extent, that deficiency will vitiate the work of the department itself. How is the department to know how individuals are going to spend their money? Will they spend it on homes or on autos, on taking out a new insurance policy or on a vacation, or will they, because of lack of confidence in the immediate future after the war, decide to hold whatever cash or victory bonds they have and refuse to spend their savings and thus take that money out of circulation?

What I should like to emphasize particularly is that the government should indicate what is to be the driving or motivating force in our workaday life in the post-war period, what is to be the machinery which, as they say makes the clock tick. Are we to have government direction and regimentation, being told what to do and unwilling to do more than our assigned tasks because there is no reward or incentive to do more than the minimum? Or are we to operate as free men under rules and regulations which are imposed by the government but which will guarantee opportunity and fairness to all our people? The answer to that problem strikes at the great question which confronts us all, as to whether we are to have a socialist state in Canada, or whether we shall operate under the system of free enterprise and individual initiative.

To-day the market is provided by the government for all our agricultural and industrial production. The government pays the whole bill and provides the incentive through paying whatever is necessary to produce the goods. There is little regard to cost, as we see by the evidence in the war expenditures committee, where some shipyards produce a 10,000-ton freighter at one price and others at a higher price. The important thing in fighting a war is to get production. Costs mean little and profits or earnings less. You must produce the goods in order to win the war, and whatever consequences fall in the wake of that must be considered in the later period and not while the fighting is going on.

Fortunately, the financial and economic system has been strong enough to stand the strain to date, and although we live and learn, speaking in terms perhaps of years, we do not know how much longer the system can stand the strain which is at present imposed upon it with the steadily mounting debt and the charges and other regulations attendant thereon. If we do not have a regimented, totalitarian state, then we shall have a free economy where every man will be his own master, able to choose the vocation or job which he wishes. May I point out particularly to the house that the greatest stumbling block to a return to the system of free economy is the present taxation and fiscal policy of the country. No better means could have been devised to bring about a socialist state than the present taxation policies of Canada, and if they are continued there is no question that free enterprise and initiative will expire.

At the outbreak of the war, taxation was used as the instrument to stifle civilian production, which was literally choked off. Certainly there should not be an increase in civilian production brought to the market to any greater extent than will enable our people to live in a reasonable degree of comfort. Certainly there should be no increase in standards. Wages were stabilized in civilian industries but certainly not in war plants, where workers were doing jobs at higher rates and war plants were attracting workers from ordinary fields of industry. We have only to look at the aircraft industry to find a typical example of the process. That was all to the good. But the reverse situation will obtain in the post-war period. No longer do we want to strangle civilian production. On the contrary, we want to cancel all war production and to turn all our man-power to production

for civilian use. We shall turn from production to kill to production to live. It is, therefore, logical that we should reverse the process which we adopted at the outbreak of the war whereby we raised taxes to prohibitive levels, particularly on business, and to a large extent on individuals also.

Unless that is done, initiative and the motivating force which we have always had in a system of free economy will be lost to us and we shall lose that freedom which so many of us prize. At the present time the minimum tax on business is forty per cent; if that business earns more than the average earnings during the 1936-1939 period, the tax is 100 per cent; then whatever is left after that may be distributed to the shareholders, and they are taxed in their particular brackets at anywhere from thirty per cent to ninety-eight per cent. So that it does not take more than simple arithmetic to realize that there is no possible incentive for one to engage in business or to expand, or even for an individual who is not in business or corporation brackets to earn more money, because the brackets are so high that it is not worth the extra effort.

We find that not only in the upper brackets, whether they are connected with the war effort or not, is it no longer profitable to do this, but workers in the factories do not find it profitable to work the sixth day because that puts them in the higher brackets for the whole week's wages and there is so little left of the sixth day's wages that it is not worth while working. The consequence is that the nation loses production, and the Department of National Revenue loses what it might otherwise have obtained had the taxation been more reasonable.

It may be that such a system is necessary—I will not say that it is, but this is not the place to debate the question—during a period of war, but certainly during peace time and during the great conversion period after the war we must not have such conditions obtaining. There is nothing more important for the Prime Minister to announce than the government's intention with regard to post-war taxation; for the power to tax is the power to destroy, and that is what is happening as far as civilian production, particularly new production, is concerned. And rightly so, at the present time, because we have a war to carry on and we do not want more goods for civilian use. But companies as well as individuals must know whether they will be compensated for the risk they have to undertake and the enterprise and management they must contribute in the post-war period, and particularly is this so of new businesses.

[Mr. Jackman.]

Some government officials have left the impression that it would be their recommendation that taxes after the war should be substantially reduced. We are all aware that the treasury will need revenue in the post-war period, but it would be foolish to kill the goose that lays the golden eggs. People must know where they stand in the matter of taxation. While the question is important to all, it is of the greatest importance to those who are engaged in business to provide leadership through which jobs are created. Canadian citizens not government departments are going to do the major planning in this country, and it is time to think now of the deciding factor of post-war taxation; otherwise there is no use in having government commissions and boards and other public bodies set up to decide how much work can be created, how many jobs can be provided, how much capital expansion there may be. What we need is a clear chart so that business will know whether it can undertake new things and whether there is sufficient incentive for them, because unless there is some compensation for the risk involved there is not likely to be much go ahead; the green light is not likely to come on as far as business is concerned.

It is not necessary to bring to the attention of the house this fact, that not only does a nation perish without vision but that without leadership the nation is lost. We must, therefore, provide a chart whereby leaders in business and industry can guide their future plans, and a fair and equitable taxation policy applicable to the post-war period should be announced immediately. Let us know what our ascertainable post-war expenditures are likely to be. Let us know the over-all picture of social welfare costs. Inasmuch as it is in our power to provide it, let us give the people what they want and what they need. But it is also our duty to tell them what the cost is and how that cost is to be borne by our people. Reconstruction means reemployment and job creation. That is what the people want, not doles and hand-outs, even if it is their own money. Let us provide a fair day's wage for a fair day's work. Public ownership may well be desirable in some instances, but where there is room for competition and development let not the government become a limiting monopoly. For example, in the air transport field we find the present government excluding any likely competition even when the whole world is our oyster and there is plenty of room for not only the government line but for a number of competitors in what is likely to prove one of the greatest and fastest expanding fields of transportation.

Has this government for one moment considered what the effect already is on young Canadians with competing air transport companies? Are they likely to continue to engage in air transportation in Canada with the devitalizing hand of a limiting monopoly apparently to be laid on this great industry of promise? Is it any wonder that the brightest of our young men, those who would provide leadership in the field, are already being attracted to the United States where there are no less than half a dozen companies engaged in international transportation? If we are to have a real reconstruction policy in this country, let us not adopt halfway measures and for want of political courage fall between the two stools of national socialism and free enterprise, If we are to have an incentive and not just to obey orders, let this government announce its post-war taxation policy; for how can business which creates jobs be bold and forward-looking if it does not know the environment in which it is to operate? With the war providing a sure market for the proceeds of industry and agriculture there has been little business risk The taxation policy may have been rigorous but not unsound in principle. After victory, with production to satisfy the needs and desires of millions of our people, with all its attendant risk and the necessity of finding markets, let the government proclaim a fair system of post-war taxation for all, so that consumers will have money to buy and producers some incentive to go ahead and take the risk and produce.

If the government is interested in reconstruction as are all our people, and particularly those of the armed forces and in war industries let it announce without delay the conditions under which business will be called upon in the post-war period to carry on.

Mr. W. J. WARD (Dauphin): I am sure that the Prime Minister (Mr. Mackenzie King) has reason to have a feeling of satisfaction at the general acceptance of this bill by the house. I should not have taken part in the debate at this time had it not been for some remarks made by the hon. member for Rosetown-Biggar (Mr. Coldwell). Fearing that I might be called to order if I attempted to deal with his remarks when the bill comes before the house I take this occasion to reply to my hon. friend.

Not only is the hon. member for Rosetown-Biggar running true to form in his actions on this measure but also in the actions of those who surround him when they speak on matters of which they have no knowledge. The general social programme that was inaugurated by the Liberal party many years ago had its beginning long years before there were any Cooperative Commonwealth Federation members in this house. And this includes such measures as old age pensions, with which the hon. member attempted to deal. I wish to refer to old age pensions particularly. Hon. members in that corner of the house have frequently taken unto themselves the entire credit for having instituted and, as they frequently put it, forced old age pensions through this house and upon the leaders of of that day. As a matter of fact, they had as much to do with the formulation and passage of old age pensions as had the mummies of Egypt.

I am sorry that the hon. member for Comox-Alberni (Mr. Neill) is not in his place at the moment, because for the first time that I can recall they have given him credit for having had some part in bringing about the passage of old age pensions. That is quite true, but the hon. member for Rosetown-Biggar was overgenerous that evening. However, what is the history of old age pensions? I distinctly recall the seven members—I have the names here—who met in a room on the fifth floor in the latter stages of the session of 1922. Who were the seven members? They were as follows: George G. Coote, the then member for Macleod; T. W. Bird, the then member for Nelson; Henry E. Spencer, the then member for Battle River; Miss Agnes C. MacPhail, the then member for Southeast Grey; E. J. Garland, the then member for Bow River; J. S. Woodsworth, the then member for Winnipeg North Centre and W. J. Ward. These were the seven members who met in that room. Neither the then member for Winnipeg North, nor the hon. member for Comox-Alberni were present. As time went by, our organization gathered momentum; by 1923 we had gathered around us usually from twenty to twenty-five members who would meet with us, and by 1925 there were anywhere from forty to fifty members who met frequently to deal with old age pensions. And who were the forty or fifty members? Well, regularly there was a member of the Conservative party, the then member for New Westminster, and we always had a considerable number of Liberal members, but mainly they were Progressive.

The hon. member for Rosetown-Biggar referred to a letter which was written in 1926 to our present Prime Minister and to the Right Hon. Arthur Meighen, who was leading the opposition. The letter was in the form of an offer of support. The hon. member for Rosetown-Biggar would lead the house and the country to believe that that letter came from the then member for Winnipeg North

Centre, the then member for Winnipeg North and the hon. member for Comox-Alberni, which was entirely untrue. The members of the Labour party of that day were nothing more than a mere incident. Old age pensions had no particular force in so far as the two Labour members who were in the house at that time were concerned. It was the Progressive members, supported by two or three Conservative members and a number of Liberal members, but mainly Progressive members, who made old age pensions possible.

I wish to remind the hon. member for Rosetown-Biggar when he speaks of the amount of $20 a month not being sufficient, that that was the amount agreed upon by Mr. Woodsworth, Mr. Heaps and all the other members at that time. Seventy years of age and $20 a month was all that was asked for. Therefore I think it is well that we put the record straight and that the country should know who was responsible for placing old age pensions on the statute books of this country.

I should also like to refer to some of the remarks made by the hon. member for Rosetown-Biggar in reply to the hon. member for Essex East (Mr. Martin). Surely the hon. member for Rosetown-Biggar—and he is nobody's fool—must have known the facts, or was he deliberately attempting to mislead the country, talking with tongue in his cheek.

Mr. GILLIS: I rise to a point of order. The hon. member is imputing motives when he charges the hon. member for Rosetown-Biggar (Mr. Coldwell) with making false statements to the house. I ask for a withdrawal.

Mr. WARD: My answer to the hon. member is that the hon. member for Rosetown-Biggar said in his remarks the other night—and he was not called to order as follows:

> I wish to say this, that to-night after twenty-five years most of those promises, as far as social legislation is concerned, remain unfulfilled.

That is untrue. No one called the hon. member to order when he made use of what was an unfair and untruthful statement.

Mr. GILLIS: I am asking for a withdrawal of the statement that the hon. member for Rosetown-Biggar was talking with his tongue in his cheek. That is imputing motives. And I ask the hon. member to withdraw the statement that the hon. member for Rosetown-Biggar was misleading the house.

Mr. GRANT: Where would he keep his tongue?

Mr. MACKENZIE (Vancouver Centre): What is wrong with that?

Mr. GILLIS: I am asking you for your decision, Mr. Speaker.

[Mr. Ward.]

Mr. WARD: I did not intend to impute motives. My intention was only to have the facts straight. Let us keep the record straight. The hon. member for Rosetown-Biggar has been in politics for quite a long time and has been a student of economics. I have no doubt he has studied the programme of the government of this country for a considerable time, and I think he knew when he made that statement that it was an unfair if not an untrue statement.

After all, we are living in a country to-day which is second to none in the world, so far as social progress is concerned. We are living in a country where the wage level is the second highest in the world. We are living in a country where our economic standard is perhaps as high as that of any other country.

Mr. BLACKMORE: Heaven help the other countries!

Mr. WARD: I read in a newspaper account of a statement made by the hon. member for Rosetown-Biggar before a rally in the Masonic hall only the other night, at which time he indicated his disgust with respect to cartoons appearing in the press. He pointed out that those cartoons pictured boys in foxholes in Italy who were hoping and praying that Canada would remain the same country they had left. I never was in Italy, but from what we can learn about it—and especially since war broke out—it must be a terrible place, as compared with Canada. The world does make progress, on a basis of comparison; and I can well imagine that, on that basis, those boys would hope to God that they would come to the same Canada they had left.

I think many of those soldiers, too, would hope to come back to a free Canada, one where free enterprise is here, waiting for them. I could not help feeling when I read this press report of the hon. member's statement that he is not fair to Canada or to the Canadian people.

We do not have to cross the world, away to the other side, to find intelligence. I know our Prime Minister—and I can say this truthfully—is one of the greatest humanitarians in the world to-day. That is borne out by every thoughtful person in Canada. I think it can be declared that he has done as much in a humanitarian way for the downtrodden people of this country as any man has done for his people in any other country of the world. I do not think we are fair with ourselves, with our country or with our government when we continue, as do our friends in the C.C.F., to belittle our country, blacken it in every possible way, and discount the motives of all

others. It would seem that nobody is honest but the C.C.F. I can visualize what would happen if they ever took office, and discovered that a country cannot be governed on a basis of destruction and irresponsibility. That is all we got from the hon. member for Rosetown-Biggar the other night when he spoke about social matters, old age pensions included.

I have spoken only to put the record straight, and I hope that never again shall we hear that sort of twaddle. I got a letter the other day from the president of an old age pensioners' association in Manitoba, and he used the very same words. Perhaps he learned them from the hon. member for Rosetown-Biggar. He used the very same words in his letter to me, going so far as to say that the late Mr. Woodsworth and Mr. Heaps had forced the hand of our Prime Minister in 1926, and that if it had not been for those two members there never would have been an Old Age Pensions Act on the statute books of Canada.

Mr. GILLIS: He knew history.

Mr. WARD: It is quite evident that the hon. member who interrupts knows very little about the history of old age pensions.

Mr. GILLIS: Some time I shall take time off to tell you what I do know.

Mr. WARD: However, I do not wish to get into a controversy with the hon. member. I appreciate this opportunity, Mr. Speaker, to put the record straight.

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

Section 1 agreed to.

On section 2—Definitions.

Mr. STIRLING: Would the Prime Minister give an explanation with respect to paragraph (e)? It states that reconstruction means the reestablishment in civil life, "and includes every undertaking by dominion, provincial or municipal authority", and so on. Would he explain the relationship which will result from the operation of this department in connection with provincial authority?

Mr. MACKENZIE KING: The definition of the word "reconstruction" is made very broad, intentionally, in order that it may cover all forms of reconstruction, including reconstruction taking place in any part of Canada and by any public body.

So far as possible, the Department of Reconstruction will seek to take a comprehensive view of reconstruction, as it is being carried on throughout the country, by federal, provincial and municipal bodies. It will seek to do so, by means of conferences with these bodies, either individually or collectively, as was suggested the other night by the leader of the opposition. It might act in connection with a conference called ad hoc, for the purpose or by a continuing conference. But the object would be to prevent overlapping, and at the same time to avoid gaps and omissions and, so far as possible, promote a consistent national effort toward full employment in Canada.

Mr. GILLIS: I should like further explanation respecting paragraph (e). I notice the merchant marine is not included. It states that reconstruction means the reestablishment in civil life and reemployment on demobilization of the men and women of the armed services, of persons released from war industries, and so on. I think the merchant marine should have been included.

Mr. MACKENZIE KING: My hon. friend will realize that there is no intention to omit the merchant marine. They can be viewed as being part of the scheme, since they are serving in the forces having to do with the war. The definition of reconstruction is, I think, broad enough to take in any form of activity that is known, provided it is constructive in character.

Mr. GILLIS: That may be all right, provided the Prime Minister is interpreting the clause, but it will be interpreted by many people. An amendment to the bill setting up the Department of Veterans' Affairs was needed to include the merchant marine. I have no doubt as to the intention.

Mr. HOWE: The merchant marine will not be demobilized.

Mr. GILLIS: Nor will workers in war industry, and they are included under this clause.

Mr. HOWE: Some of them will be.

Mr. GILLIS: The merchant marine definitely will be.

Mr. HOWE: The merchant marine will be larger.

Mr. GILLIS: Than it is now?

Mr. HOWE: Oh, yes.

Mr. BLACKMORE: As we consider this paragraph I think it would be a good thing to make sure that we all realize, as I think the Prime Minister does, that it involves, first, that there shall be a maximum domestic market in Canada for all the goods which will be produced in Canada or for all the

goods for which our products may be exchanged. I think the Prime Minister will agree that that is a fundamental premise. There must be a maximum domestic market in Canada for all the goods produced in Canada and for the goods for which the surplus goods of Canada can be exchanged. In other words, the purchasing power in the hands of the people of Canada must be raised to a level at which they will be able to consume Canadian production to the fullest extent of their needs. That will be involved in this paragraph and I want to make sure the Prime Minister appreciates that fact. If our primary and secondary industries are to be able to carry on to the maximum of their efficiency there must be a level of purchasing power among Canadian consumers which will enable them to consume to the ultimate extent the production of Canadian industry, both primary and secondary. That is involved in this paragraph.

Mr. MACKENZIE KING: Full employment would mean as much in the way of employment as it is possible to achieve, but it does not necessarily mean the guarantee of employment to everyone at every hour of the day. We must not fail to take into account such matters as seasonal unemployment and the like. But it does refer to what we generally consider as mass employment, the employment of large numbers. The aim of reconstruction will be to strive to achieve the fullest possible employment from domestic and foreign trade or commerce. I do not know if I have caught the purpose of my hon. friend's question, but I am trying to answer it.

Mr. BLACKMORE: The Prime Minister's words would indicate that he has, but I am not entirely sure that he appreciates to the full the meaning of what I said. This involves that all consumers in Canada shall be able to buy to the limit of their needs the goods which Canadian industry will be able to produce. If these words really mean what they should, that will be involved. That means that the standard of wages in Canada will be such that we shall not have a large percentage of Canadian wage earners getting less than $500 a year. That will be a condition not to be tolerated in Canada.

Mr. MACKENZIE KING: My hon. friend understands that there is a difference between an objective and a guarantee. The objective is set forth here quite clearly, but I would not say that any government measure could go so far as to guarantee to individuals what their purchasing power is to be from day to day. The objective we are seeking is to enable all classes to have a minimum standard of living. That is the government's policy with respect to reconstruction, not confining reconstruction merely to the producing of commodities and the sale of goods, but extending it to the social and economic needs of the people, and to meeting economic hazards.

Mr. BLACKMORE: I think that is fair enough. I am going to be a little more specific. If men are to have the greatest opportunity to work in the production of shoes, then the people of Canada must be in a position to buy the maximum number of shoes that they need. The same principle would apply to all the commodities Canada is able to produce. If the people are not able to buy shoes, then people certainly are not going to be employed in producing shoes. The same is true with respect to all industries in Canada.

This means that probably we are not going to depend upon the wages which industry at present feels able to pay; we are going to find means of supplementing wages and incomes. We may even go so far as to make use of a dividend in order to enable the people to consume. I have not said much about dividends, but probably it is about time that many members of this house began to contemplate them seriously. The family allowance is an example, although that is just a meagre, halting, hesitating little device; in the light of the potential productive capacity of Canada, it is almost contemptible. However, I think the Prime Minister deserves credit for taking a step along this line. I just wanted to make sure that the Prime Minister saw the possibilities that were involved. The paragraph reads:

> "reconstruction" means the reestablishment in civil life and reemployment on demobilization of the men and women of the armed services, of persons released from war industry, and the reorganization of industry, in order to provide maximum production. . . .

You cannot have a maximum production of cheese unless every person in Canada can eat all the cheese he needs. Nor can you have a maximum production of strawberries unless everybody in Canada can have all the strawberries he needs. You can say the same about the whole list of commodities. In drafting this statement the Prime Minister has gone a long way, provided that it can be worked out to mean just what the words should mean. This paragraph goes the full limit of social credit. I just wanted to make that clear, although I do not believe the Prime Minister had any such thing as that in mind. However, I hope he did and I thought it would be worth while to bring it up.

There is another point involved here and I want to make sure that the Prime Minister agrees with this. Not only must prices of wheat, milk, beef and other primary products have a floor, but the floor must be high enough to stimulate the maximum desired production of all those commodities in Canada. This does not mean that the increased price, we will say, of beef or milk or any other primary product must be paid by the consumer. In other words, there will be a subsidy perhaps, where necessary, paid to the primary producer which might raise the price of a bushel of wheat, for example, to $1.25, whereas the consumer would have to pay only seventy-five cents a bushel. This sounds strange to orthodox ears, but it is not strange to men who see visions of the possibilities of a new order. The device has already been used in Britain of paying to primary producers seventy-five cents a dozen for eggs and letting the consumers have the eggs for fifty cents a dozen. Under a new order the difference will not be paid through taxing the people or by borrowings from the people, but will be paid with money which will represent the production of the country and will be governed only by the extent of the production of the country.

I set out to point out that this really means that prices to primary consumers will be so high as to include not only the cost of production but a fair remuneration which will justify the primary producers in going forward with a generous production programme. I presume that the Prime Minister had that in mind.

Mr. MACKENZIE KING: If I may refer first to the question asked by the hon. member for Cape Breton South as to whether the merchant marine is included, I was perfectly sure that it was included. If it had been twenty-five minutes past ten o'clock on Monday morning, instead of twenty-five minutes past ten o'clock on Friday night I would have caught my hon. friend's point at once. In the definition of "industry" my hon. friend will see that transportation is included. Paragraph (b) states:

(b) "industry" includes merchandising, manufacturing . . . transportation, . . .

And so forth. He will also see that the definition of "reconstruction" includes "maximum production and full employment during and following the change over from war-time production of industry to peace-time production". So that, reading the two together, my hon. friend will see that the merchant marine is included. I felt that it would be there in one form or another. There is extra emphasis given to what relates to the armed forces.

In answer to the hon. member for Lethbridge I do catch at times what I think is his meaning. Then it sort of fades out because I catch something else from what he is putting forward. As nearly as I can gather, he is concerned that this legislation aims at maximum employment, and I agree with him in that.

Mr. BLACKMORE: I am merely pointing out what it really involves. If the legislation is to attain actually and in fact what the wording of this paragraph implies, then a technique will be involved which will include the measures I have indicated. It will include a scientific adjustment of prices, a scientific adjustment of wages by wage bonuses, the distribution of consumers' purchasing power which will probably make the dividend advocated in Alberta look rather pale. I hope that all members on the treasury benches can get this idea without too much suffering on the part of the Canadian people, because it is the Canadian people who will suffer; it is not you men, not directly. I hope that you can get this idea before it is too late. You cannot be sure that you are going to be able to sell Canadian cheese abroad, but if you manage the economy of this country aright you can be sure that you will be able to sell in Canada all the cheese that all the Canadian people will eat. That is what is involved.

Mr. MITCHELL: What about wheat?

Mr. BLACKMORE: You can sell all the wheat in Canada that all the Canadian people can eat. The same rule applies to every commodity.

Mr. MITCHELL: You would have a great time eating all the wheat we produce.

Mr. BLACKMORE: I did not say that you would eat all the wheat. You will have a hard enough time getting this into your head if you take just what I say, and do not imagine things I did not say. That is one of the difficulties with a lot of men. They do not take what was said but take what they imagine was said. What is said is strong enough.

What I have to say, Mr. Chairman, is simply this, that if we take pains to see that the Canadian people have consumer purchasing power with which to absorb and use the products of our industry, both primary and secondary, at fair prices, we can be sure of that much. We cannot be sure of selling any given amount of our goods abroad. We want to sell as much as we can abroad without hurting anybody else, but we do want to make sure of this home market. I believe that th

way in which this paragraph is worded implies all these things, but I am not at all sure that the draftsman of this bill had these things in mind.

Mr. ISNOR: Mr. Chairman, I have so far refrained from taking any part in the discussion of this bill because I felt that what I have to say could be very well said on this section. Because of the mention of casual labour by the Prime Minister I should like to draw to his attention and that of the government the position of the waterfront worker. In 1936 Canada brought into effect the national harbours board, which took in the eight national harbours throughout the dominion with an investment of something like $224,000,000 A large number of men are employed at the various ports as casual labour handling incoming and outgoing freight. On the Atlantic coast at both Halifax and Saint John these men work for something like four to five or six months a year on the waterfront and they have to depend for the rest of the year on what they earn during the period they are employed. I feel that if we are to take care of labour, it is that type of employment that we must provide for. The present Minister of Labour brought into effect last year a measure under which he organized a labour pool and guaranteed a certain number of men, roughly seven hundred, a floor wage at waterfront work during the full season. I am going to suggest to the government that the national harbours board consider taking over the complete handling of freight at all ports throughout Canada. It would give the national harbours board something definite to deal with. They deal with transportation, and the handling of incoming and outgoing freight is part of the transportation problem.

I am suggesting that, with the large investment which the government now have in national harbours throughout the dominion, they could very well take up this question of labour and guarantee the men an annual wage instead of three to six months' employment, so that the men may be on hand at all times and able to handle freight in the most expeditious manner. They might also extend their activities by buying proper equipment for handling freight in the various ports and thus add to the efficiency of the operations. I believe that the government would be well advised to take over, under the jurisdiction of the national harbours board, the work of the longshoremen, the checkers, the freight handlers and all skilled and unskilled labour on the waterfront. If a plan were inaugurated whereby this could be done it would lead to greater efficiency. I would further suggest a preference such as was brought into effect by the late Right Hon. W. S. Fielding. He allowed a ten per cent preference for freight coming through Canadian ports. I believe that the ten per cent preference should be again allowed in respect of all outgoing freight and at least five per cent for all incoming freight handled through Canadian ports. This would add to employment on the waterfronts; and I advocate, as a measure of fairness and justice to the men engaged there, that the government give serious consideration to setting a floor weekly wage for those who are now known as casual labour. I offer these as constructive suggestions.

Mr. MACKENZIE KING: My hon. friend has anticipated what is implied in section 6, as giving power to the minister to enable him to perform the duties imposed upon him by the bill. I might mention paragraph (c). The minister may—

> . . . consult with representatives of primary producers, industry, science and labour upon any question connected with reconstruction.

The section also mentions the possibility of conferring with other parties. I believe that under that section the minister would take up immediately with the Minister of Transport what my hon. friend has suggested, and also confer with labour organizations on the matter to which he has referred. My colleague the Minister of Pensions and National Health has directed my attention to the clause which gives the minister power—

> . . . to coordinate the actions of other departments and agencies of the Government of Canada for the purpose of ensuring that the transition from a war-time to a peace-time economy shall be effected as quickly and as smoothly as possible.

There are apparently several clauses which have been drafted for the purpose of enabling just such steps to tbe considered by the minister as my hon. friend has suggested; and his suggestion is a helpful one.

Section agreed to.

On section 3—Establishment of department.

Mr. MacNICOL: I assume that the meaning of subsection 3, that such employees as are necessary may be appointed in the manner authorized by law, means, through the civil service commission?

Mr. MACKENZIE KING: That is correct.

Section agreed to.

On section 4—Duties of the minister.

Mr. STIRLING: Were it not for the last six words of this section I should look upon this measure as one which provided for the coordination of plans only. But "provide for

the carrying out thereof" may imply a good deal more than that. Would the Prime Minister say what he means by the six words?

Mr. MACKENZIE KING: Yes. My hon. friend has the correct interpretation. The duty of the minister will be not merely to see that plans are formulated, but to see that such plans as have been framed for the purpose of reconstruction are carried out. The minister will be a member of the cabinet. So far as the plans relate to those made by government departments, I assume he would proceed first of all by consulting his colleague of the department concerned. If that were not adequate to ensure the carrying out of the plans, he would bring the matter up in cabinet, and the cabinet itself would exercise its collective authority to see that the right steps were taken.

Mr. STIRLING: What would be the relation between this new department and the other departments of government? For instance, the Department of Public Works deals principally with construction. After these years of war, when money has been spent for little other than war purposes, there certainly will be extensions of public buildings, for instance, to mention one thing. I can imagine that the Minister of Public Works might have fairly strong opinions as to what programme should be laid before council and what should be undertaken. Would that programme have to be submitted to the Minister of Reconstruction for his approval before it goes forward to the council?

Mr. MACKENZIE KING: I assume the first step the Minister of Reconstruction would take would be to get in touch with every department of government which is undertaking any form of reconstruction work. He would assemble their various projects; he would see, first of all, if there were any overlapping in government departments, whether there was a symmetry about the whole. Any question which was likely to arise, he would take up, in the first instance, with the minister of the department concerned. If there were a difference between them he would bring that matter to the cabinet to be settled there. That would be the method of proceeding.

Mr. GILLIS: The parliamentary committee on reconstruction made two reports to the house and certain specific recommendations of projects across the country. Will these reports be considered by the new minister?

Mr. MACKENZIE KING: Undoubtedly, yes.

Mr. GILLIS: Are the recommendations in the reconstruction committee's report to the house to have any weight, or has the new ministry the authority either to implement or reject them as it sees fit?

Mr. MACKENZIE KING: I am sure the minister will welcome, above everything else, any recommendation which comes to him from a committee of parliament. I have no doubt the minister would be the first to recognize that the work which has been done by the committee on reconstruction is just the kind of foundation he requires to begin his work effectively. If it came to a question of whether or not a recommendation should be accepted, someone has to make the final decision. I would say that the minister would be the person who would decide, unless it was some question which should come up to the cabinet as a whole.

Mr. ADAMSON: I think the hon. member for Cape Breton South is referring also to the subcommittee reports, the James committee and the Wallace committee, particularly the one on natural resources, which was, I think, an excellent report and should receive careful consideration.

Mr. MACKENZIE KING: Yes. I believe that, in speaking on the second reading, I took care to refer to these different reports, all of which are exceedingly valuable and practically all of which have been carefully studied already by government officials in the different departments and to a considerable extent by members of the government.

Mr. ESLING: Would the Prime Minister say how far the jurisdiction would extend in relation to the construction of buildings? Does it extend to the municipalities, or is the extent of a piece of construction governed by the cost?

Mr. MACKENZIE KING: The question my hon. friend has asked is, I think, very much to the point. He has just mentioned the construction of buildings by municipalities, and reference has been made to the construction of buildings by the federal government. We may assume that there will also be construction of buildings by provincial governments. Part of the task of the minister—I do not mean actually the minister himself, but his deputies and the experts who are advising him—would be to collect all information possible on what has been done in the construction, for example, of public buildings. If it were found, say, in one community that the municipality intended to construct a building, the province a building, and the federal government a building, part of the duties of the minister would be to call attention to that fact and to say, "Can we

not in some way see that these three buildings are not put up all at once? We may have a shortage of work later on and we had better reserve this project against such a contingency." That is only an illustration, but the minister's main job would be to apply common sense to the situation which all would be interested in meeting in the most satisfactory way.

Mr. ESLING: Does it apply to private enterprise or only to public buildings? You cannot construct a building, even a $2,000 building, in a municipality without having first secured a permit from the city clerk or the municipal authorities. Therefore the point is: Is the jurisdiction of the municipality subservient to that of the minister or to this section of the bill? It seems far-fetched surely that this federal government is going to the municipalities to say whether a man shall put up a building or not.

Mr. MACKENZIE KING: My hon. friend has entirely misunderstood my view if that is the interpretation he puts upon what I have said. The municipality itself, I believe, would welcome all the information it could get with regard, for example, to public buildings to be constructed within its boundaries. The dominion will not invade the jurisdiction of a municipality; it will not invade the jurisdiction of the province. It will give all the assistance it possibly can both to the municipality and to the province with respect to the best way of maintaining employment in the community, not for to-day only but for a period of years.

Mr. ESLING: I do not care to be persistent, but I should like the Prime Minister to make this clear. Does the federal government invade the jurisdiction of the municipalities in the construction of buildings by private enterprise, or does this section refer only to public buildings? As it stands, it certainly means jurisdiction over the erection of buildings in municipalities, just exactly as it assumes jurisdiction to-day under the building controller. If it does not mean invasion of the jurisdiction of the municipalities, then I think it should certainly be made specific in this clause because one cannot interpret it in any other way.

Mr. MACKENZIE KING: I think the word "observation" would be better than the word "jurisdiction" or the term "invasion of jurisdiction." It will be part of the duties of the minister to observe widely what is taking place, but not to seek to enforce jurisdiction on any one. Perhaps what my hon. friend has mostly in mind is this: Is this an effort to have the government do things which private enterprise ought to do? If that is the point, the government would prefer to have private enterprise do whatever it can in the first instance, and it will encourage enterprise as much as possible. But where private enterprise is clearly not able to provide the needed employment, the government ought to come in and assist in preventing unemployment.

Mr. ESLING: I hope I shall be forgiven for being persistent, but I should like to ask whether, in the construction of a block, let us say, it will be necessary to apply to the minister for a permit, or does he relieve himself of all that responsibility? To-day such an application is necessary under war conditions, under the building controller. The minister has before him an application from, let us say, the city of Nelson. Let us take a particular case in point. A man was required by the chief of the fire department or by the city authorities to remove a certain building which had been constructed a number of years before. All right. By so doing the city loses taxes on that building; it loses revenue from taxation. At the same time, the owner is saddled with about $250 annually of taxes on property from which he receives no revenue. He arranged with the two adjoining buildings to use the fire walls of each building. In order to secure supplies he tore down an old mining building to obtain the necessary steel beams and the necessary heavy timbers and joists, but he has to come to this department to secure a permit to reconstruct that building under such conditions. My simple question is: Under the terms of this section, must a private citizen in any municipality, large or small, come to the federal government or to the minister for a permit in order to proceed with the construction of a building?

Mr. MACKENZIE KING: There is nothing in this section which imposes that obligation or establishes that jurisdiction. The condition to which the hon. member has referred is one arising out of the war. During the war it has become necessary for the federal government to give priority to war purposes over other civilian requirements when there is a limited supply of materials. But we hope that as soon as the war is over, the restrictions which have been imposed will be gradually removed and that we shall get back to a condition where there will be as little interference as possible with private initiative and enterprise.

Mr. ESLING: But this applies to post-war conditions and we must accept these clauses as the English language expresses them. It is

not made clear whether one will have to apply to the federal government for a permit. If that is the case, why not make it clear?

Mr. MACKENZIE KING: The condition to which my hon. friend refers is one that arises out of restrictions imposed for a specific purpose, namely, to meet situations that have developed during the war. There is nothing to be gained by putting in this statute a provision that these particular restrictions will be removed later on. They are imposed by virtue of the War Measures Act. I cannot say at the moment how soon these restrictions can be removed. It may be possible to remove some the day after the armistice; it may be necessary in some cases to wait a little time. But there is nothing in this section that creates any permanent restrictions.

Mr. STIRLING: Is not this the point? This bill does not empower the minister to forbid any piece of construction in a municipality?

Mr. MACKENZIE KING: That is correct.

Section agreed to.

On section 5—Duties of the minister.

Mr. MacNICOL: I have a few questions with regard to paragraph (a). Reference is made to employment in industry. My first question is: Does this refer to employment of men and women in industrial plants engaged in some way in the production of munitions, or does it refer to men and women in private plants not in any way engaged in producing munitions as coming under the minister's duty to provide employment?

Mr. MACKENZIE KING: As I read the section it first of all emphasizes the importance of the minister giving his attention to the members of the armed forces and those who are engaged in war industries. That is the purpose of the section.

Mr. MacNICOL: Does that apply to plants not engaged in war work?

Mr. MACKENZIE KING: That particular section does not apply to them, but the general purpose of the minister would be to seek to further full employment in industry generally. To that extent it is part of the minister's business to get as much information as he can that will help towards that end.

Mr. MacNICOL: Paragraph (c) of section 5 reads:

to formulate plans for industrial development and conversion. . . .

In carrying out his duties would the minister be able to initiate programmes such as obtained in England prior to the beginning of the war when the British government by regulation insisted on the necessity of fifty per cent British content in any goods imported into England for exportation to Europe, or any goods made in England for exportation to Europe. Would the minister have anything to do with making a regulation like that?

Mr. MACKENZIE KING: I think that would be a matter of government policy as to the extent of assistance to be given to industry and the like. That would be a matter of policy to be settled by the government. The reference here is to formulating plans for industrial development and conversion. The emphasis is rather on the general policy of bringing forward different projects for new developments or civilian uses for war plants, with a view to having them carried out. There is nothing to prevent the minister from making a recommendation such as my hon. friend has mentioned, but the paragraph does not impose on the minister any obligation of the kind.

Mr. MacNICOL: That is a fair answer. The paragraph refers to formulating plans for industrial development. Would that enable the minister to surround himself with capable industrial advisers to inaugurate new lines of manufacturing by making a survey of what we now import with a view of ascertaining if some or all those lines could be manufactured in Canada?

Mr. MACKENZIE KING: Yes. I think the next section answers my hon. friend's question as to how he might go about it. The explanatory note refers to powers of the minister. The section reads:

The minister, to enable him to perform the duties imposed upon him by this act, may: . . .

And then paragraph (e) is as follows:

inaugurate conferences of representatives of primary producers, industry, science and labour as well as representatives of dominion, provincial and municipal authorities engaged or likely to engage in any reconstruction plan.

The minister can bring together any experts he believes will be helpful to him, whether they are individual experts or representatives of industry or officers of industrial establishments, and get their advice with relation to plans for industrial development.

Mr. MacNICOL: Under paragraph (c) would the minister have power to consider and perhaps order, as a means of giving vast employment, the initiating of works such as a canal around the Fort Vermilion rapids on

the Peace river and again around the Fort Fitzgerald and Fort Smith rapids on the Slave river, since the elimination of those rapids would permit the free transportation of coal from Hudson Hope on the Peace river right down to Aklavik, and that Canadian coal could be used for the heating of the north country? Would he have the authority to initiate such works as that?

Mr. MACKENZIE KING: My reply would be that undoubtedly the minister will welcome suggestions from all sources, and particularly from members of parliament, as to where it might be possible to further some national need or purpose by particular industrial or public works projects such as my hon. friend has mentioned. In the case mentioned by my hon. friend, if he were to speak to the minister himself, the minister would then, I assume, confer with the officials of the Department of Public Works, or the Department of Transport, or whatever departments are concerned, and would ask: "Has this project been considered? Here is a matter that ought to be looked into. If it is thought that that particular area is in need of development works, had we not better consider this among others?" I would not say that the minister would be able to get his way all the time, but certainly that would be one of the things which he would wish to bring to the attention of the departments concerned. In the light of the expenditures involved in the whole programme it might be necessary for the minister to weigh those different projects and come to the cabinet and say: "Here are so many. I would strongly recommend that we do a certain amount." He might not recommend the whole. The government policy as a whole would decide on how far it would be possible to go.

Mr. MacNICOL: I have in mind northern Alberta. I am not sure that the government of Alberta have assisted but I am sure they would. In northern Alberta there is a movement to develop the vast coal resources at Hudson Hope and to take them by water down the river. They could then come down as far as Peace River town with very little dredging in the river. The construction of the two canals I mentioned would permit them to take the coal right down to Aklavik at the mouth of the Mackenzie river where they certainly need coal and where coal now costs a tremendous sum of money, because it is taken from away to the south of Edmonton by rail up to Waterways and then on down from there another 1,661 miles. I certainly would strongly advise the new minister to consider that as a project. It would create a lot of work and help open up that great country.

Section stands.

Progress reported.

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

Monday, June 26, 1944

The house met at three o'clock.

BANK ACT AMENDMENT

EXTENSION OF CHARTERS TO SEPTEMBER 1, 1944

Hon. J. L. ILSLEY (Minister of Finance) moved for leave to introduce bill No. 147, to amend the Bank Act.

He said: The title of the bill as stated in the routine proceedings is the Bank Charters Continuation Act, 1944, but the real title is "An act to amend the Bank Act" The effect of the bill will be to extend the charters of the banks to September 1, 1944—that is, to provide for a two months' extension.

Motion agreed to and bill read the first time.

QUEBEC SAVINGS BANKS

EXTENSION OF CHARTERS TO SEPTEMBER 1, 1944

Hon. J. L. ILSLEY (Minister of Finance) moved for leave to introduce bill No. 148, to amend the Quebec Savings Banks Act.

He said: The purpose of this bill is to extend the charters of the Quebec savings banks for two months.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 140 for the relief of James Russell Popham.—Mr. McIlraith.

Bill No. 141, for the relief of Norma Segal Katz.—Mr. MacInnis.

Bill No. 142, for the relief of Harold Almond Jelley.—Mr. Douglas.

Bill No. 143, for the relief of Josephine Kurys Kulczycki.—Mr. Whitman.

Bill No. 144, for the relief of Shirley Harte Harvey Payne.—Mr. Hill.

Bill No. 145, for the relief of Pearl Anneta Benn Russell.—Mr. Whitman.

Bill No. 146, for the relief of Joseph Adélard Paul Begin.—Mr. MacInnis.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CIVIL SERVICE—ADDITIONAL SERVICES AND REMUNERATION

Mr. BLACKMORE:

1. Are there any permanent civil servants who have been paid, in addition to their regular salaries, for performing, together with their official work, additional duties assigned to them, (a) by reason of the organization of new war services; (b) as a result of the absence of other civil servants who have joined the army, navy and air force?

2. If so, what are their names and what additional remuneration was paid to each of these permanent civil servants?

3. Are there any such permanent civil servants who have not received additional payments, and who are they?

Mr. MACKENZIE (Vancouver Centre): I understand the hon. member for Lethbridge is willing to withdraw the last part of this question, and I should like to ask that the other two parts stand.

Mr. BLACKMORE: That is correct.

Part 3 withdrawn; parts 1 and 2 stand.

RADIO BROADCASTING—SACKVILLE, N.B., SHORT-WAVE STATION

Mr. HATFIELD:

1. Has the government a short-wave radio station at Sackville, New Brunswick?

2. If so, when did they acquire it?

3. What was the name of the lawyer or firm of lawyers engaged?

4. How much did they receive in legal fees, agent's fees, transfer fees and registration fees?

Mr. LaFLECHE:

1. Under construction.

2. See answer to No. 1.

3. Friel & Friel, Higgins building, Moncton, New Brunswick.

4. Legal fees, $2,250. Disbursements, $270.46.

DOCTOR G. R. DEVEAU

Mr. GILLIS:

1. Is Dr. G. A. Deveau, of Arichat, Richmond county, Nova Scotia, an employee of the federal government?

2. If so, what position does he occupy?

3. What was paid him by way of, (a) salary; (b) expenses by the federal government for the years 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, giving the amounts of salary and expenses for each year separately?

Mr. MACKENZIE (Vancouver Centre):

1 and 2. As the Department of Pensions and National Health has no record of Dr. G. A. Deveau, it is assumed that the questions refer to Dr. G. R. Deveau who is departmental medical representative and port physician at Arichat, N.S., and paid in accordance with schedule of fees.

3. (a) No salary, but fees paid as follows:

Year	
1935	$ 12 25
1936	39 00
1937	602 60
1938	2,288 75
1939	2,003 15
1940	1,696 25
1941	1,881 80
1942	1,857 30
1943	1,559 80
1944 (to May 16)	494 55

(b) Nil.

* SECRET ORGANIZATION TO CREATE SEPARATE STATE IN QUEBEC AND PARTS OF ONTARIO

Mr. ROSE:

1. Is the Minister of Justice aware of the existence of a secret organization in Canada, plotting to create a separate corporatist state within the province of Quebec and parts of Ontario?

2. If so, what steps have been or are being taken to investigate such organization?

3. What is the name of such organization?

Mr. ST. LAURENT: Perhaps I might be allowed to deal with this question orally. As the first question is framed, the answer must necessarily be in the negative. As Minister of Justice I am certainly not aware of the existence of a secret organization in Canada plotting to create a separate corporatist state within the province of Quebec and parts of Ontario. As the other two questions are predicated upon there being an affirmative answer to the first, no answer would be possible.

Assuming that the hon. member is referring to some recent assertions or rumours, I may say that the Royal Canadian Mounted Police have always investigated with the utmost diligence all assertions or rumours as to the existence of any subversive organization anywhere in Canada, and they are continuing to do so. No evidence has been found of the existence of any organization plotting to create a separate corporatist state in Quebec or any other part of Canada.

Mr. HANSON (York-Sunbury): That is, by the Royal Canadian Mounted Police.

Mr. ST. LAURENT: Yes.

Mr. HANSON (York-Sunbury): Mr. Speaker, with your permission, because of the statement made in the other place by an hon. member of that body holding a very high position in the public life of Canada, and the

assertions which he there and then made, may I ask whether the minister is not of the opinion that a royal commission should be set up to investigate the whole problem and report to the people of Canada?

Mr. ST. LAURENT: The Minister of Justice is not of that opinion.

Mr. HANSON (York-Sunbury): That is the answer.

POPULATION—CHILDREN

Mr. BRUCE:

How many children are there in each province of Canada, (a) under six years of age; (b) between six and less than ten years old; (c) between ten and less than thirteen years old; (d) between thirteen and less than sixteen years old?

Mr. MacKINNON (Edmonton West):

	Total 0–15	0–5	6–9	10–12	13–15
CANADA	3,409,911	1,256,379	837,287	661,653	654,592
Prince Edward Island	30,484	11,456	7,727	5,736	5,565
Nova Scotia	179,559	69,083	44,371	33,516	32,589
New Brunswick	155,319	59,775	38,195	28,834	28,515
Quebec	1,133,137	422,419	278,956	218,337	213,425
Ontario	988,933	357,083	242,356	194,975	194,519
Manitoba	204,684	73,853	50,030	39,780	41,021
Saskatchewan	286,821	102,195	70,991	56,772	56,863
Alberta	243,547	90,036	60,713	47,201	45,597
British Columbia	187,427	70,479	43,948	36,502	36,498

MANUFACTURE OF ALCOHOL AND SUGAR FROM SAWDUST

Mr. FRASER (Peterborough West):

1. Are there any plants in Canada engaged in making alcohol and sugar from sawdust?
2. If so, where are they located?
3. Are they in full production?
4. If not, when will they be in full production?
5. Are the plants owned by the government or under government control?

Mr. MICHAUD:

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

QUESTIONS PASSED AS ORDERS FOR RETURNS

PERMITS FOR CONSTRUCTION OF GRAIN ELEVATORS AND STORAGE PLANTS

Mr. FERLAND:

1. Has the construction controller granted any permits for the construction of grain elevators and grain storage plants?
2. If so, (a) to what persons or companies; (b) in what localities; (c) at what dates?

SOLDIER SETTLEMENT—REQUESTS FOR CLEAR TITLES WITHOUT FURTHER PAYMENTS

Mr. FAIR:

1. From January 1, 1943, to May 31, 1944, how many requests from, (a) organizations; (b) individuals, have been received by the Prime Minister, the Minister of Mines and Resources, the director of soldier settlement and Veterans' Land Act, or any other department of the government, asking that veterans of great war one who now hold land under contract with the soldier settlement board be given clear titles without further payments?
2. During the same period, how many letters or other communications were received by the director or other departments of the government stating that if clear titles, as above requested, were granted, requests for refunds by those who have already paid up or are continuing to make payments, would be made?
3. What are the names and addresses of those from whom such letters and communications have been received?

GENERAL de GAULLE

INQUIRY AS TO VISIT TO CANADA

On the orders of the day:

Mr. GORDON GRAYDON (Leader of the Opposition): In view of the fact that General de Gaulle, head of the French Committee for National Liberation, is said to be expected in Washington between July 6 and July 14, can the Prime Minister inform the house whether or not any arrangements are under way for General de Gaulle to visit Canada while he is on this continent?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I would say to my hon. friend that thus far the government has no definite word as to whether or not General de Gaulle will be visiting the United States. As soon as word comes to that effect, if it does, the government will be prepared immediately to consider what invitation should be extended to General de Gaulle to visit Canada.

CANADIAN ARMY

INQUIRY AS TO CLOSING OF BRANDON TRAINING CENTRE AND ALLEGED DESTRUCTION OF EQUIPMENT

On the orders of the day:

Mr. J. E. MATTHEWS (Brandon): Mr. Speaker, I wish to direct a question to the Minister of National Defence. I might explain the question by saying that some four years ago there was a large training centre known as A-4 established at the city of Brandon. A short time ago that training centre was deemed by the department to be no longer necessary and it was absorbed by the larger camp at Shilo. I have heard no criticism at all of the closing of the camp, but I have heard from reliable, responsible and fair-minded men strong criticism on another point, and it is upon that that my question is based. I would ask the minister if there has been brought to his notice the fact that a large amount of surplus supplies at that depot, supplies that obviously would not be needed at Shilo, were taken out, piled up and destroyed by an axe and conveyed to the nuisance ground instead of being turned over to citizens who could have used it?—for much of it was good material. If the matter has been brought to the minister's notice, what steps are being taken in regard to it? If not will he be good enough to make inquiries into the circumstances?

Hon. J. L RALSTON (Minister of National Defence): I knew about A-4 being closed but I have not heard of the circumstances to which my hon. friend refers. I shall certainly see that inquiries are made forthwith, and whatever action is necessary will be taken.

SOLDIER SETTLEMENT

REFERENCE TO ARTICLE IN "THE LEGIONARY" FOR MAY, 1944—CLEAR TITLE TO LANDS

On the orders of the day:

Mr. ROBERT FAIR (Battle River): Mr. Speaker, I wish to ask a question of the Minister of Mines and Resources based on an article appearing in the *Legionary* for May, 1944, and written by Mr. Gordon Murchison, director of soldier settlement and the Veterans' Land Act. The concluding paragraph of the article reads as follows under the heading "No Change":

> In conclusion I am authorized to say that the proposal is not deemed to be in the public interest and, consequently, it is not being entertained by the government. Therefore, the best advice I can offer to the soldier settlers concerned is to get into step with those who manifestly prefer securing titles to their farms by complying with the terms of their agreements.

This statement, I might say, was in response to a demand, which has been made by several organizations as well as by the soldier settlers themselves, that clear title be granted to them without the making of further payments. My question is, was this statement which I have quoted made with the consent of the Minister of Mines and Resources?

Hon. T. A. CRERAR (Minister of Mines and Resources): Mr. Speaker, the question scarcely comes within the range of questions that may be asked on the orders of the day, but with the consent of the house I have no objection to giving a reply.

The statement referred to was made with the approval of myself, and it represented government policy. Since it was made a delegation of ex-soldiers of the great war waited upon several members of the government and made the request that all their debts be forgiven and that they be given clear title to their land. This request is at present receiving consideration.

Mr. GRAYDON: Favourable consideration?

Mr. FAIR: I have two supplementary questions to ask based on the minister's reply. Was the article published just prior to the dominion convention of the Canadian Legion at Vancouver for the express purpose of discrediting the Soldier Settlers' Association and blocking any action by the convention? My second question is, why was this statement not made in parliament by the minister instead of being sent to a magazine by a civil servant?

Mr. SPEAKER: These are questions that must be put upon the order paper.

RECONSTRUCTION

ESTABLISHMENT OF DEPARTMENT TO FORMULATE AND CARRY OUT RECONSTRUCTION PLANS

The house resumed from Friday, June 23, consideration in committee of bill No. 82, to establish a Department of Reconstruction—Mr. Mackenzie King—Mr. Bradette in the chair.

On section 5—Duties of the minister.

Mr. BRUCE: Mr. Chairman, section 5 of this bill to establish a Department of Reconstruction states that it shall be the duty of the minister, amongst other things, to formulate plans for housing and community planning and to provide for carrying out such plans. In my opinion there is no project for reconstruc-

tion which is more urgently needed and which will yield a richer harvest in the betterment of our people, than that of housing.

It is now ten years since a committee of which I was chairman, after several months' investigation on housing conditions in the city of Toronto, issued a report which will be found in the parliamentary library. I recall having spoken on this subject before the Canadan club, Ottawa, on November 28, 1936, when I had the honour of having the Prime Minister present, as he is to-day.

Incidentally, as a method of giving employment there is no other public work which will produce the same result. In a recent Maclean building report covering the first six months in each of the last nine years in the Toronto area, it was found that housing constituted over eighty per cent of all building construction. This was confirmed by the national employment commission under the chairmanship of the late Arthur B. Purvis, which made an exhaustive study of unemployment and recommended to the government a housing policy which was later the basis of a National Housing Act of 1938; also the home improvement plan which was passed in 1937. Under this plan the government guaranteed fifteen per cent of loans made by the banks, amounting to $50,000,000. As a result a great many of our citizens were able to make much needed repairs to their homes. It is interesting to note that in lending this large sum of money only about one per cent was lost. However, we have a larger problem still to deal with, that of at least one-third of our population who cannot afford to pay an economic rent; and it is for these that provision must be made as speedily as possible. Although the report of my committee disclosed slum conditions and overcrowding in Toronto in 1934 which no doubt could have been duplicated in many other cities, no remedial action was taken. In order to show that these conditions have grown steadily worse through the passing of the years I will quote from an article in *News* of last week, June 24:

> In a house assessed for $400 are 12 people; in another assessed at $900, 11 people. One assessed at $1,300 shelters three families; 13 people in all. A pair on Dundas street assessed at $500 and $800 have 11 people in each. The prize-winner is on Gerrard east. It is assessed at $900 and into it two families are crowded; 24 people.
>
> In the district surveyed 93 single-family houses shelter more than one family.

Since the last war Great Britain has built over four million houses, and it is estimated by Mr. Ernest Simon that about five million more will be needed in post-war England. Most of them will have to be let at rents which can be paid by the poorer half of the population, and therefore at uneconomic rents, the difference being made up by the government.

Catherine Bauer, an adviser of the United States Housing Authority, claims that one-third of all residential construction requires public assistance in some form. This is in accord with statements made at a recent housing conference at Toronto to the effect that twenty-five per cent of all urban families in Canada cannot afford $15 per month rent and that fifty per cent cannot afford over $25. According to Mr. Somerville, vice-president of Wartime Housing Limited, the income of over half of our population is only $1,000 a year or less, and in a very large proportion $600 or less.

It is an accepted fact that those in the low income group can afford to spend only one-fifth of their wages on housing, if provision is made for other necessities and health is not to be seriously affected. It is clear, therefore, that housing will have to be provided for this group, at a rate of from $10 to $17 per month, which, as you all know, cannot be done on an economic basis.

In the United States, where they have had under way for a number of years very large housing and slum clearance projects, it has been found that two-thirds of all housing done by private enterprise was for the highest income group. Only one-third of the new homes built were within the means of the family in the middle income group; and, except for a few shacks, the lowest income group have had no homes provided for them at all. This latter constitute about one-third of the population of the United States and, although I have no figures to substantiate it, I imagine the same would apply to Canada.

I am speaking not only of urban centres but rural as well, for it has been found that slum conditions are just as serious on the farms. The United States Housing Act embodies a plan for producing new housing at rents equivalent to those charged in the slums. This is accomplished by authorizing the federal government to perform two separate financial functions: that of banker and that of donor of annual rent subsidies.

As banker, the United States Housing Act lends to the local housing authority, by purchase of its bonds, up to ninety per cent of the capital cost of a project. After a project is completed, the United States Housing Act assumes its second financial function. It grants annual subsidies in an amount sufficient to cover the difference between the annual economic rent and the rent which low-income families can afford to pay.

Local housing authorities have been able to market bonds running up to the year 1985 and to sell these bonds at interest costs which average less than two per cent. The way has thus been paved for establishing the public housing programme of the post-war era on a basis of financing which will relieve the federal government almost wholly of the responsibility for providing the capital funds.

May I add that a public housing programme under the United States Housing Act conforms to the characteristics of an ideal public works programme. Moreover, public housing, of all types of public works, produces the greatest amount of employment at the smallest cost to the taxpayer. A dollar spent by the government to build roads, schools, or airports results directly in the production of one dollar's worth of industrial activity. A dollar spent by the federal government for housing subsidies, however, produces about forty dollars' worth of new construction.

May I express the hope that the Prime Minister and the Minister of Finance will study the United States plan which I described a moment ago, now in operation in the United States, and make a similar plan available for that unfortunate group of our citizens in the lowest income brackets.

The government has built thousands of wartime houses under a crown company called Wartime Housing Limited and I think, on the whole, this company has done a splendid job under the chairmanship of Mr. Joseph Piggott. I presume that all these houses will ultimately be placed under the authority of the crown assets company for disposal.

It is very important to know what disposition the government intends to make of these houses. While they have served a very necessary and useful purpose, may I point out that if they are to be disposed of so that they may be retained as permanent residences, then the government will be responsible for creating one of the largest slum areas in Canada.

These houses were erected hastily for temporary use to meet a pressing need. They were substandard on the day that they were thrown up for occupancy. May I express the hope that these houses will not be sold at a small fraction of their cost to speculators who may wish to perpetuate them as substandard homes, eventually producing slums.

I am informed that the total loans made by the government under the Dominion Housing Act amounted to $19,619,442. The loans made under part I of the National Housing Act up to March 31, 1944, amounted to $64,375,775. I was interested to learn that the net loss in the case of both these loans was only $2,147.04, a very creditable performance. The amount lent under the home improvement act of 1937 was about $50 million through the banks on the terms I indicated a moment ago. The Minister of Finance gave a very interesting speech on housing on May 11 last in which he said that the government expected to introduce another comprehensive measure of housing legislation. I hope that this measure will be brought down during the present session.

I note that under part 1 of the National Housing Act the interest rate to borrowers has been reduced to 4½ per cent and that the government advances twenty-five per cent of the amount of the loan at the rate of three per cent to the lending institutions, which means that the latter will receive five per cent on their seventy-five per cent share of the mortgage loan. I think the minister would be wise to extend the time of the loan for at least thirty years, and it should be safeguarded by requiring that the communities in which houses are to be located shall be protected by zoning or regional planning, as he has pointed out.

I am glad to know that the officials of the national housing administration will assist the municipalities in the preparation of plans. Mr. F. W. Nicolls, the director of housing, and his present limited staff are doing excellent work, but I suggest that their department should be very greatly extended in view of the heavy responsibility which they will have to meet very soon. However, it is the second part of the National Housing Act in which I am particularly interested, and under which up to the present no loan has been made until perhaps recently, the one to Mr. G. W. Spinney and his associates of Montreal, who came forward with a project of low-cost housing for that city. I wish to commend Mr. Spinney for his public spirited action and can only hope that someone with a similar urge may be found in Toronto and in other cities and towns throughout Canada to organize limited dividend housing corporations to build the large number of housing units which are immediately necessary for our people.

In view of what has been done in the United States in the building of these low-rental houses, I urge on the government that it carefully consider this plan and adopt it for Canada so that the interest rate of three per cent which was allowed for the Montreal plan may be reduced at least to two per cent.

The general impression prevails that private enterprise cannot produce low-rent dwellings, first, because of the high pay demanded by labour, and second because building materials cost too much owing to artificial price restrictions. If the wages paid labour employed

on the site in construction of a housing project were cut in half, the annual cost of the housing produced would be reduced by only about ten per cent. If the cost of materials entering into the production of the housing were cut in half, the annual cost would be reduced by only about fifteen per cent. But a reduction in the financial charges, interest and amortization, by half would effect a greater reduction in annual cost than the cutting in half of the cost of both material and labour, and therefore I commend the latter method to the government.

The city of Toronto has had a planning board of experts under the chairmanship of Mr. A. G. Partridge, president of the Goodyear Tire and Rubber company, who have been working for some time on city planning, and they have recently issued a very illuminating second annual report. They are therefore in a position to take immediate advantage of a national post-war construction programme to be assisted by the federal government under terms which I hope will be as generous as those of the United States.

The Ontario government is in a position to cooperate with this plan in consequence of having recently set up a department of planning and development under a separate minister, Mr. Dana Porter. May I add that as housing is intimately connected with health, this department should more properly be placed under the Department of National Health. One third of our population would mean four million in the low income group, and to house these would require at least one million housing units. If these cost, say, $2,000 per unit, it would mean a loan of $2 billion. May I point out that this does not mean a gift of this amount of money, but only that it shall be made available as a loan at a low rate of interest to be recovered later on. There is no expenditure that will bring greater returns in health and happiness than housing.

Section agreed to.

Sections 6 to 8 inclusive agreed to.

On section 9—Orders and regulations.

Mr. HANSON (York-Sunbury): I think the Prime Minister ought to give the committee a better idea of what is proposed to have done under the enabling sections with regard to regulations. He was not in the house the other day when I protested against power of legislation being vested in a minister under a bill which was to come under the Minister of Pensions and National Health (Mr. Mackenzie). I was chastised by the minister because—

Mr. MACKENZIE (Vancouver Centre): It was the aeronautics bill.

Mr. HANSON (York-Sunbury): I think it was under yours too.

Mr. MACKENZIE (Vancouver Centre): No. Mine was flawless.

Mr. HANSON (York-Sunbury): I do not think so. The practice has grown up under all governments in recent years of legislating under the guise of regulations not only for purely administrative affairs but in executive matters and in others that apply to judicial functions, really establishing in the minister the power to set up policy—a principle that is comparable to what a celebrated Lord Chancellor in England characterized over twenty years ago as the new despotism. I think parliament ought to be jealous about delegating to the government the power to make orders in council on the recommendation of a minister, because usually these are matters of routine, I imagine, so far as the council itself is concerned, providing that the ministers may do thus or so in regard to matters which were never contemplated by the enabling statute. I am trying to state a principle in general terms and I think the Prime Minister will agree with me. Take this section 9 (a). Provision is made to transfer to the minister any powers or duties of a government department or agency whether conferred by statute or otherwise and to provide that such powers or duties shall be exercised or performed concurrently or otherwise by the minister. On its face that is a very innocent looking paragraph. Parliament delegates to one department of government the power to carry on certain functions; but here the powers which were delegated to it, particularly by parliament, are being switched or are capable of being switched by order in council to this new minister. What is contemplated by that? It must be put in there for a purpose. Its purpose does not appear on the face of it. What is envisioned by the authority to make a regulation of that kind?

I have no objection at all to paragraph (c) because on its face it relates purely to administration of the act itself. A government which is promoting a bill cannot think of every little administrative authority that ought to be put into it, and those are the things that can be best handled by order in council. So far as I can recall I have never made any protest against the delegation of powers of that kind. But paragraph (b) provides that the minister may set up one or more boards or advisory councils to exercise such functions in connection with the administration of this

act as may be assigned to them by order or regulation. That is a new thought. We are delegating authority to a minister to do certain things, or to a department of government to do certain things, and in paragraph (b) we are giving authority to the minister, to whom parliament has already delegated powers or authority, to redelegate those powers or authority to some unknown board, governmental agency or department not envisioned by parliament by statute or otherwise. I should like to know what is contemplated by this. It seems to me it is carrying the power of delegation almost to the nth degree. The Prime Minister ought to justify the redelegation, if I may use that term, of such powers as are contemplated by paragraph (b) of section 9. The authority conferred by paragraphs (a) and (b) of section 9 are open to question at least. I am trying to be moderate in what I say about it. Until we have had some further explanation from the Prime Minister I do not think this ought to pass.

Mr. MACKENZIE KING: First of all may I say I am sorry I was away when my hon. friend was chastised. Had I been here I would have done the best I could to save him any affliction.

Mr. HANSON (York-Sunbury): It did not do any harm; it left no scar.

Mr. MACKENZIE KING: Let me say at once that practically speaking I agree with him when he says it is desirable that there should be as little in the way of delegation of important powers as possible, and that it is important that powers should be set forth in the statute rather than given under order in council or by regulation. On the other hand, I think my hon. friend will agree that the business of government to-day has become such that unless there were delegation of power it would be altogether impossible to have it carried on. No minister could begin to discharge the duties that are assigned to him in a statute unless he were given some authority to delegate some of those duties and to bring to his assistance whatever he might need in the way of advisory boards and councils. In debating this matter the other day the leader of the opposition suggested that it would be well for the government to consider the advisability of having some kind of a permanent board set up by the minister which would have on it representatives of the different provinces, and, I think he also added, representatives of the municipalities.

Mr. HANSON (York-Sunbury): That was for the purpose of reconstruction.

Mr. MACKENZIE KING: Yes, and reconstruction is the subject of the bill with which we are dealing. The section my hon. friend is complaining of, if he is complaining, is the one that is intended to help meet a situation of the kind. Recently the premier of Ontario suggested that there should be a joint board of the dominion and the provinces for certain purposes. Well, that may be a very good suggestion, and it may be desirable to carry it out; but unless there were a clause in the statute which gave the minister the necessary authority to effect that end he would be unable to do so without the passing by parliament of another act. I can assure my hon. friend that this section is not intended to go any farther in the matter of conferring powers on ministers of the crown, or on deputy ministers or boards, than is absolutely essential for effective administration.

I would recall to my hon. friend a statute passed when, if I am not mistaken, he was a member of the ministry. It may have been before he was a member of the ministry, because it was in Sir Robert Borden's time. There was an act passed during that time to authorize the rearrangement and transfers of duties in the public service. That statute gives the power to a minister of the crown by order in council to transfer from one department of government to another department many of the duties assigned, in the first instance, to a particular department. As I read this section, particularly paragraph (a), it really goes no farther than that. The governor in council may make such order or regulation as may be deemed necessary or advisable to transfer to the minister any powers or duties of a government department or agency whether conferred by statute or otherwise and to provide that such powers or duties shall be exercised or performed concurrently or otherwise by the minister. That paragraph may have been unnecessary in view of the powers which are given by statute to authorize the rearrangement and transfer of duties in the public service.

Paragraph (b) reads:

> To establish one or more boards or advisory councils to exercise such functions in connection with the administration of this act as may be assigned to them by order or regulation.

That is desirable to enable the minister to get the best advice that he can obtain in dealing with the large questions that will come before him. For example, the minister may wish to have the advice of labour and of industry on a great many matters, just as is

done to-day in connection with work of the Department of Labour, and beyond question this would give him that power.

On reflection I think that my hon. friend will see that there is nothing being done under this paragraph that will in any way widen existing authority.

Mr. HANSON (York-Sunbury): It is rather reassuring to have the Prime Minister make that statement. I thought that the statement of the general principle which I made would find response in his mind, because I recall on a good many occasions through the long period of time that I have been in the house that he himself has been in the very van in opposing the principle incorporated in this paragraph. It seems to me that it all depends on where you sit in this house as to whether a principle is good or bad. I can quite understand the government desiring to enlarge its powers irrespective of parliament for the purpose of convenience. I am not unimpressed by the statement of the Prime Minister that government is a very complex problem at the present time. Speaking generally I think that is the best argument he has. The government could not be running back to parliament every day or two for a new enabling act. The executive must have some authority to meet new situations. When I make that statement of fact I think the Prime Minister will agree that I am very fair-minded about this thing; but I had in mind that from time to time heretofore the government had been allocating departments, branches, bureaux or whatever they may be—I think "government department" is the term mostly used—from one portfolio to another. It has been doing that as long as I can remember, and I know the power existed long before I had any connection with parliament.

The Prime Minister has referred to a statute which is still unrepealed. I wonder if my right hon. friend opposed it at the time it was passed. It would be a matter of historical curiosity to find out what his attitude was in regard to it.

Mr. MACKENZIE KING: I am not sure I was in the house when it was passed, though I may have been if it was in the session of 1919-1920.

Mr. HANSON (York-Sunbury): That may be so. If my hon. friend was not here I venture to suggest that those who were here did not accept the principle without scrutiny and examination and a good deal of protest. Generally speaking this power ought to be limited purely to administration; I think we are both in agreement on that.

[Mr. Mackenzie King.]

I am not yet sure that the Prime Minister has made out a case for subsections (a) and (b). Certainly if subsection (b) means anything at all; if it is anything more than window dressing; if these boards or advisory councils are to have any authority, something more is required, because all they can possibly do under this section is give the minister advice, and he can get that advice without the power to set up a board. He can consult those who are in a position to give him advice on any of the points with respect to which it is suggested that power should be vested in these councils; in fact they have no powers at all, they are merely consultative bodies from which the minister may request advice. My colleague from Yale points out that this power already is conferred by subsection (d) of section 6, so that it would look as though there were redundancy. Section 6 (d) provides:

> The minister, to enable him to perform the duties imposed upon him by this act, may establish committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this act.

That would include the right of consultation; so that it would seem that the draftsman here had gone beyond what was required, or that something more is contemplated by section 9 (b) than has been intimated by the Prime Minister.

The Prime Minister did make a point with respect to the setting up of joint boards. Inasmuch as the jurisdiction relating to reconstruction is almost entirely a matter of property and civil rights, and therefore within the ambit of the powers of the provinces, I think it would be a good thing if the jurisdiction and constitutional rights of the provinces were recognized specifically in the bill. With all this talk about rehabilitation and reconstruction I am afraid we are going to see a multiplicity of boards and authorities and powers set up in the country, all having one good end in view, but with a tremendous overlapping of personnel and of cost to the taxpayer, whether provincially or federally, unless there is some coordinating authority. That, of course, is the distinguishing point of this bill; it is an attempt, and I think an honest attempt, to arrange for the coordination of these bodies that are to be set up. Every province will have its own ideas. Only the other day I read with a good deal of interest that the premier of Nova Scotia had given to the public a scheme of reconstruction and rehabilitation for that little province which would cost anywhere from $70,000,000 to $100,000,000. He expects the federal treasury to bear half the cost, and then he wields the big stick and says if they do not bear half the cost he is going to

reenter the field of income taxation. I may not be quoting him accurately, but that was the impression left upon my mind. So that there is great need of a reorientation of the whole field, and certainly there is great need of joint operation, joint thought and joint action on the part of the dominion and the provinces.

I am sure the Prime Minister will agree that the constitutional field is within the provinces, and the dominion's only excuse for stepping in, I assume, is the fear that the provinces will not undertake or carry out the job in a satisfactory manner, perhaps for lack of funds. The dominion now has almost a monopoly of the whole taxation power, under arrangements made since this war started; the taxation field of the provinces has become extremely limited and narrowed. The dominion now is in a position to finance works for reconstruction and rehabilitation, but in provincial circles there is a strong feeling that the autonomy of the provinces ought to be respected. Nowhere, I think, is that feeling more prominent than in the old province of Quebec, where they have always been very jealous of their autonomy, and rightly so. There has been a constant encroachment upon their rights.

I do say to the Prime Minister that there is a good deal of padding and filling in section 9, that he has all the powers he needs without that. If he would limit it to subsection (c) I would not have a word to say; for I think it should be limited to matters of administration.

Mr. MACKENZIE KING: In his opening remarks my hon. friend suggested that the way one viewed the power of delegation would depend upon where one sat. I do not quite agree with that; I think it depends a great deal upon the changed times and conditions. As my hon. friend well knows, the war has made it necessary to have a number of boards and to have powers delegated to an extent that no one would wish to see at any other time. I feel as strongly as my hon. friend does about the delegation of power. At the time Lord Hewart published his book on "The New Despotism" I thought it the best treatise of the kind that had been published up to that time, and I hold that view more or less at present. I do think it is unfortunate that there has to be this delegation of power *ad infinitum,* if not *ad* something else—

Mr. HANSON (York-Sunbury): *Ad nauseam.*

Mr. MACKENZIE KING: At any rate the government could not be carried on to-day, with the questions that have to be met and dealt with, without some extension of the power of delegation. Undoubtedly delegation of authority will go on in the period of reconstruction, but I hope it may be reduced little by little.

Mr. HANSON (York-Sunbury): Does the Prime Minister hold that opinion with respect to peace-time projects as strongly as he does with respect to the conduct of the war? I agree with him as to the latter, but not as to the former.

Mr. MACKENZIE KING: Certainly I do not. I was just saying that as we get away from the war and back to a peace economy, many of these powers and restrictions will gradually disappear. Some will have to be maintained, but the reasons for them will have to be made obvious.

In reference to this section, my hon. friend began by being critical, asserting it went too far. He concluded by saying it was not really necessary, that we had all the powers anyway. Perhaps it is as well for us to make perfectly sure there can be no misunderstanding.

Mr. HAZEN: Section 9 reads:

> The governor in council may make such order or regulation as may be deemed necessary or advisable—

Last week we considered a bill to establish a department of veterans' affairs, of which section 7 read as follows:

> Subject to the approval of the governor in council, the minister may make such regulations, from time to time, as he may deem necessary and advisable—

In this section the words are "such order or regulation" while in the other bill the words were, "such regulations." Is there any reason why the word "regulations" should be used in the one bill and the words "order or regulation" in the other? Is there any distinction between a regulation and "order" as used in this bill? In section 7 of the bill to establish a Department of Veterans' Affairs it was provided—I quote subsection 2:

> All regulations made hereunder approved by the governor in council shall be laid before parliament within fifteen days after they are made if parliament is then sitting, and if not, then within fifteen days after the commencement of the next ensuing session thereof.

There is no similar provision in the bill now before us. I suggest to the Prime Minister, and if necessary I so move, that a subsection similar to subsection 2 of section 7 of Bill No. 83 be added to the end of section 9 of this bill.

Mr. MACKENZIE KING: I have not the other bill before me, but listening to my hon. friend I would judge that as to the use of "order" or "resolution," it would appear to be

entirely a matter of drafting and of what appears in the interpretation sections of both bills. Evidently in connection with the other bill, the house felt that for that particular department the drafting was proper, and I hope the committee will take a similar view of the drafting of this bill. It does not follow because two measures are not in identical terms that power is being given in the one which should not be given simply because like power does not appear in the other. Section 7 of this bill provides:

> The minister shall submit annually a report to parliament in such form as may be prescribed by the governor in council.

I would feel that what the governor in council would prescribe would be just the sort of thing my hon. friend says he feels should be inserted in the bill itself.

Mr. HAZEN: I hardly think that would include regulations.

Mr. MACKENZIE KING: I am very sure that any report on the Department of Reconstruction made to parliament by the minister would carry in it the fullest details in regard to all orders or regulations that had been made under the statute.

Mr. HANSON (York-Sunbury): Section 9 contains no provision for making public the regulations. One of the difficulties facing the legal profession to-day is to know what the law is. I recently discussed this problem with a leading counsel and he said that because of the day to day changes in statutes by orders in council issued under the War Measures Act no one could tell a client with any degree of authority what was the law of Canada to-day in connection with a particular matter that had been the subject of amendment by order in council.

In this case no one will be able to ascertain or declare or advise unless some provision is made to make public these regulations. I wish the Prime Minister would give some consideration to that point. I do not think it is as important as it is in relation to some of the other measures that have been before the house, but there is a principle involved. It seems to me that in the public interest there should be some publication of these regulations and I suggest to the Prime Minister that he take this matter under consideration before the bill receives third reading. Perhaps this section could pass but the bill could be held over until he can consult with his advisers and devise some scheme whereby the regulations may be made public.

Mr. MACKENZIE KING: As my hon. friend knows, my legal training and knowledge is not as up to date as it should be.

[Mr. Mackenzie King.]

Mr. HANSON (York-Sunbury): It is not bad.

Mr. MACKENZIE KING: I can, however, assure my hon. friend that the highest legal authorities of the government have carefully considered this measure and have expressed the view that it is adequate in all particulars. I believe that what my hon. friend has just said about the necessity of publishing these regulations is met by an order in council already existing which requires the publication of regulations and orders which have the effect of law. It is called, if I remember aright, the statutory orders and regulations order. I think that would meet the situation my hon. friend has in mind.

Mrs. NIELSEN: Mr. Chairman, although I am a member of the reconstruction committee I have not made a speech of any length on this subject of reconstruction. I am in agreement with the setting up of this department. Section 9(b) provides for the setting up of boards or advisory councils to exercise such functions in connection with the administration of this act as may be assigned to them by order or regulation. It is in connection with this section that I should like to make one suggestion to the Prime Minister with which I believe he will be in general agreement.

We have had a great deal of discussion during the past while about the problem of giving employment to our people. I agree that a need exists in connection with the basic foundation of our whole life—that is, employment for our men and women so that they will have adequate wages and a chance to live decently. But I think in this connection the Prime Minister will also agree that we cannot neglect the other side. There is the well known quotation that man cannot live by bread alone. One thing which the Atlantic charter has promised to mankind generally is that in the new era which opens before us man shall not only live; he shall have life more abundantly.

We cannot leave the whole question of reconstruction without recognizing the cultural side of Canadian life. Just last week the committee on reconstruction had before it representatives of cultural groups in Canada who presented one of the most comprehensive briefs yet placed before that committee. They outlined the possibilities which lie before the people of Canada in this direction. Their brief contained two main premises. The first was that in our relationship with the rest of the world Canada needs to become cognizant of the fact that her cultural activities will be of assistance in maintaining friendly relations

with other nations. Second, the cultural development of our people will help to give them that more abundant life which we believe can and must be theirs.

This group of artists, musicians and other representatives of cultural groups asked that a sum of money be set aside for these purposes. They were asking for only a small amount, merely $10,000,000, with which they hoped to start a planned system of what might be called adult education under which the natural talent and abilities of the Canadian people might be directed and encouraged by government supervision. They advised the setting up of community centres where there would be cultural and recreational activities, particularly in the rural areas where we have had such a dearth of culture.

There is in this proposal I believe the realization of how much can be done in the future toward binding together the peoples who make up Canada. There is the great cultural heritage of the province of Quebec, which is perhaps more typically Canadian than any other section of the country. Those people should be welded with the Anglo-Saxon, with the Ukrainian, with the Scandinavian, with the Polish, and with members of other minority groups. Not only would this give the Canadian people a new vision and a new outlook upon life itself; it would be a means of providing employment to many hundreds of people who possibly have no way by which they can give to this country of their natural talent and ability except through the channels of music or art or literature. Definitely I am of the opinion that a start should be made now, perhaps with the creation of a separate branch to deal with cultural relations and cultural matters. I believe that a beginning can be made at this time by the setting up under this section of a national arts board, so that the Minister of Reconstruction, whoever he may be, might have members of cultural groups in this country to advise him and give assistance in the various things which might be accomplished during an era of reconstruction.

Certainly when you think of the question of international trade you begin to realize that in competition with some of the other countries—the United States, for example, and Britain perhaps—we might suffer in this country from having other people take our designs and use them, and being themselves in a position to produce more cheaply than we could, thereby stealing our trade. Industry in Canada should be protected; and I feel that in the field of design there is a need for laws to protect Canadian artists and whatever they may be able to accomplish by way of industrial development. It would be very necessary I think to have a board to take care of matters of this kind.

I mentioned the other day in the committee, when this group was before us, that there may be some things attributable to the Chinese for which they are not responsible. But at all events I believe the Chinese have a saying which goes something like this: that if a poor man has two yen, it is wiser for his soul's sake that he spend only one yen to buy a loaf of bread and that with the other he buy a rose. I believe that in the hurried rush of the years the people of Canada have been intent upon the bread and have as yet paid little attention to the rose. Although some hon. members may think this unrealistic, I would definitely place before the Prime Minister the importance of realizing the vast possibilities of the Canadian people whose talents and abilities could be given expression to through cultural channels, and I should like to see set up under section 9 of this bill a national arts board, so that this aspect of reconstruction shall not be overlooked.

Mr. DIEFENBAKER: There is just one matter I should like to bring to the attention of the Prime Minister; it is one which has been before the house on previous occasions and has to do with the question of the delegation of legislative powers to a minister of the crown.

The Prime Minister to-day pointed out that the reason for his change of opinion was that with time there had been a change of circumstances that made it necessary to confer on ministers of the crown legislative authority to make law, and in certain cases to make substantive law. I would point out to him that similar conditions exist in the United Kingdom. Actually the legislative field in the United Kingdom is much wider than that which this parliament has, and although the United Kingdom is legislating for a very much larger population than Canada's; it has not yet gone on an order in council spree to the extent that Canada has. The total number of orders in council and regulations made in the United Kingdom since the war began is not more than some 6,700, if my information is correct, while in Canada the number is approximately 43,000.

The hon. member for St. John-Albert has made out a good case for the addition to this bill of a provision which, while recognizing the necessity for a degree of delegation, nevertheless will retain in parliament control over the legislative powers delegated to the minister. A commendable step was taken by the Prime

Minister some months ago when a suggestion of mine was accepted that an appendix or list be made up at the end of each session setting out the orders in council which had been passed. This has been of great assistance, not only to members of the judiciary and the legal profession, but to the citizens in general; because so many orders in council have been passed during the war interfering with the exercise of substantive rights that few lawyers were until recently in a position to advise with authority on the state of the law at any given time. The publication of this list or appendix has at least made available the sources of the new legislation, and as such has been helpful.

The hon. member for St. John-Albert suggested that there should be a provision, similar to that contained in a bill previously introduced, under which a report is to be made to parliament of the orders in council as passed. While he was speaking I sent out for the report of the committee on ministers' powers, presented by the Lord High Chancellor to the British parliament in April, 1932. That report supports the request of the hon. member for St. John-Albert and reinforces him in the stand that he has taken. On page 67 of this report, following the admission that the complexities of modern legislative authority make it necessary that there be a degree of delegation, particularly in matters of technical or special legislation, this distinguished royal commission says:

> There should be uniform procedure in regard to all regulations required to be laid before parliament, namely, that they should be open to annulment—not modification—by resolution of either house within twenty-eight days on which the house has sat, such annulment to be without prejudice to the validity of any action already taken under the regulation which is annulled.

Then it goes on to make this further recommendation. Recognizing the necessity for delegation of powers in order to cover eventualities that could not be contemplated by parliament, it says:

> Standing orders of both houses should require that a small standing committee should be set up in each house of parliament at the beginning of each session for the purpose of—
>
> (A) considering and reporting on every bill containing a proposal to confer law-making power on a minister:
>
> (B) considering and reporting on every regulation and rule made in the exercise of delegated legislative power, and laid before the house in pursuance of statutory requirement.

It further points out that a standing committee looking into these regulations would only report on the question whether any matter of principle was involved, whether there was any special feature of the regulation or rule meriting the attention of the house, and whether the regulation or rule should receive special consideration on the ground that it was exceptional in its legislative power and result. I realize that in war time we have gone a long way in delegating authority. We have not only delegated authority to ministers but have delegated wide authority to boards not directly responsible to parliament—indeed to such a dangerous extent that the actions of these boards, however illegal they may be, are not subject to examination by the courts. I am sure the Prime Minister will not contest what I say, because throughout the years, as I read *Hansard* of previous parliaments, he was the great protagonist of the retention by parliament, in parliament, of legislative authority.

Now that we can believe that peace will not be too long removed, we in parliament must again examine strictly all delegations of authority which are proposed to be effective in peace time. I submit that while recognizing the necessity of delegation to cover unusual circumstances or conditions which are bound to arise and cannot be foreseen, on all sides of the house there will be agreement that the exercise of delegated authority should be circumscribed in order to ensure that interference with private rights shall not take place without an opportunity being given to parliament to examine the regulations pertaining thereto, to the end that parliament may retain to the largest possible extent the legislative function.

This is not a controversial matter. If in all our statutes containing a delegation of authority it be provided that so far as such delegated legislative authority is concerned the terms of the pertinent orders in council be laid on the table of parliament, it would go a long way toward removing the present objection that few of us have the opportunity of knowing what is being done under the delegated authority conferred.

Mr. MACKENZIE KING: I agree with very much of what my hon. friend has said. I thank him for having expressed the view that I was a great protagonist for retaining in parliament the necessary legislative authority in these matters. May I say to him that I shall become more strongly than ever a protagonist of retaining as much power as possible in parliament once we get to a time that it is possible for parliament to cope with the many matters which come before it. Parliament at a time of war, could not cope with all the matters which require decision, and to a lesser degree, but still a very considerable

degree, will require decision in a time of reconstruction. The power to delegate, in any event, has to be authorized in the first instance by parliament.

I do not yield a particle of the view that I have held on the supremacy of parliament and the need of preserving the control of parliament over the ministry, and of the ministry preserving to the full its responsibility. But I am surprised that the hon. member should attempt to estimate the extent of the legislation under order in council by the numbers of orders in council which are passed rather than by what is contained in them. If he does not mind my saying it, that seems to be an absurd method of estimating in any true way the quality or amount of legislation. To judge these things by the numbers of orders passed is, I think, proceeding in a quite erroneous way. One enactment might require no end of orders to meet a mass of detail, whereas another would take a much broader scope and not require anything like the same amount of detail to be dealt with by orders.

My hon. friend compares the extent of legislation by order in council in Britain and Canada, but the reason that so many more orders in council are passed here is that in Britain the minister of a department is given powers which in Canada can only be exercised by authority of the governor in council as a whole. We shall find as time goes on that it will be essential for this parliament more and more in that regard to follow the example of the United Kingdom parliament, and to trust ministers with responsibility, rather than to limit a minister's action and authority by requiring, in regard to many matters of detail, that these powers are to be exercised only by the governor in council as a whole. That is the real reason why orders in council are so much less numerous in Britain than they are here.

As to the publication of what is enacted by order in council or by delegated authority under regulation, I have already referred to a general order in council which, I think, covers the matter. May I read, however, from the revised statutes of Canada, 1927, chapter 162, the Public Printing and Stationery Act, section 29, the following, which seems to me also to cover what the hon. members for Lake Centre and St. John-Albert have requested:

> All proclamations issued by the governor general or under the authority of the governor in council, and all official notices, orders in council, regulations, advertisements and documents relating to the Dominion of Canada, or matters under the control of the parliament thereof, and requiring publication, shall be published in the *Canada Gazette*, unless some other mode of publication thereof is required by law.

So that there is already the provision made under a general statute for the publication of regulations.

A comparison has been made between the bill respecting the establishment of the Department of Veterans' Affairs and this bill establishing a Department of Reconstruction. There is this difference, which is a very important one. The legislation respecting the Department of Veterans' Affairs is of the nature of permanent legislation; the department is being established for a long time to come. The present legislation is in the nature of what is temporary legislation. The measure specifically states that this legislation shall not be in force for a period longer than is regarded as essential to tide over the period of reconstruction, and that period is estimated at about four years. That, I think, is a substantial reason why one would not expect to find, in a measure which relates to a situation which is temporary, some of the provisions which do exist in regard to a measure such as the Veterans' Affairs Act.

Mr. MacNICOL: I want to ask four questions. First, what will be the powers of the new minister in connection with works which might be considered international? For instance, if it is decided by the two countries to provide work, and the proposed conservation work is that—for which plans and specifications are fully prepared—for the raising of the levels of lake Erie by building a dam across the Niagara river, would this new ministry have any powers to negotiate in that connection? That is international. Second, in connection with interprovincial works such as the rehabilitation of the Saskatchewan river—and it is something that must be done, something that has been too long neglected, something that the whole country owes to the west, the placing of that river under control so as to enable it to perform what in my judgment is its God-given function, that of assisting the west—what will be the powers of the new minister in an interprovincial labour problem of that magnitude? Third, what will be his powers in a purely provincial-municipal programme such as the flood-proofing and water conservation works of the Thames or any other river in Ontario or any other province? Finally, in connection with industry, the post-war planning information sent out by the war-time information board refers to the reconstruction period after the war, and among other statements it declares that the object is to encourage private enterprise. The report recommends that the corporation profits tax and the excess profits tax be eliminated at

the earliest possible moment. It recommends the removal as soon as possible of controls designed to restrict consumption.

All this is essential if industry is to have an opportunity to go forward and, as the Prime Minister so well said in his opening remarks, take a larger place in providing employment during the reconstruction period. If industry does that, it will conform to the principles laid down at the conference at which the Prime Minister of Great Britain, the Prime Minister of Russia and the President of the United States declared for a stable peace with full employment and the raising of the standard of living. I would impress upon the Prime Minister the importance of these four matters which I have brought to his attention —international projects, interprovincial programmes, provincial-municipal works, and abolishing war-time regulations, as suggested in the post-war planning information sent out by the war-time information board.

Mr. MACKENZIE KING: The powers the minister will have in regard to all these matters are set out in sections 5 and 6 already passed. I do not wish to evade giving a full answer, but that would be an appropriate reply at this moment. The minister, broadly speaking, will do all that he thinks advisable and desirable in the way of coordinating efforts which will lead towards full employment and reconstruction, whether in the field of international affairs, interprovincial affairs, or intermunicipal affairs, so far as these might be in any way related to the work of reconstruction carried on by the federal administration. In other words, if the minister thought in connection with some international project that it would be possible to further employment to a greater extent in one particular way rather than another and that the way he had in mind would involve the consideration of authorities in another country, he would bring that matter to the attention of his colleagues in the cabinet and the international aspect would in the first instance, be dealt with, if the cabinet approved, by the Department of External Affairs, which has responsibility for international negotiations. Similarly, as between the provinces and the dominion, the minister would see that there were conferences arranged of a kind which he thought desirable to bring the province and the dominion together to discuss those matters that might further reconstruction. Similarly also with regard to the municipalities. This act does not give the minister arbitrary powers of a kind that no minister of the crown possesses to-day, but it does give him the fullest authority to get in touch with as many other authorities as may be possible where he sees an opportunity of coordinating work which thereby will more efficiently further reconstruction.

Mr. STIRLING: The Prime Minister referred just now to an order in council having been passed providing that orders in council shall be published. Surely the one he is referring to deals with orders and regulations passed under the War Measures Act. These have been published and they have been of the greatest use. I do not think that order in council covers such orders and regulations as are referred to in a bill of this sort, and it seems to be most essential that the public should be able to find out what regulations and orders are passed under a measure such as this. I consider it parallel to the other one we dealt with the other day arranging for veterans' affairs. There it is enacted in the measure that regulations shall be published, and it seems to me a most desirable thing that these orders and regulations should somehow see the light of day. It is so difficult for the public, apart from lawyers who may have ability and facilities which the ordinary man has not got, to ascertain what regulations have been passed. To the ordinary member of the public who desires to look up a certain subject it is most difficult to find out what has actually been passed in the way of regulations.

Mr. MACKENZIE KING: A moment ago I read from the revised statutes the particular section of the act dealing with printing and publishing which necessitates the publication of orders and regulations, and the like, in the *Canada Gazette*.

Mr. STIRLING: Under any statute?

Mr. MACKENZIE KING: Yes. It is a general authority. Apart from any matter that relates particularly to what has been done under the war measures act, section 29 of chapter 162 of the revised statutes of 1927, public printing and stationery, provides:

> All proclamations issued by the governor general or under the authority of the governor in council, and all official notices, orders in council, regulations, advertisements and documents relating to the Dominion of Canada, or matters under the control of the parliament thereof, and requiring publication, shall be published in the *Canada Gazette*, unless some other mode of publication thereof is required by law.

Mr. NEILL: "And requiring publication".

Mr. MACKENZIE KING: There is a comma, "or matters under the control of the parliament thereof, and requiring publication".

Mr. NEILL: That means if publication is deemed to be required. That endorses the statement of the hon. member for Yale.

Mr. HANSON (York-Sunbury): That leaves a loophole, that it is in the discretion of certain people to publish or not to publish. Why is it put in one statute and not in another? Clearly, a strict construction of the section which the right hon. gentleman has just read indicates that these matters may not all be published, and certainly they are not all published.

I did not intend to speak again, but the Prime Minister renewed his faith in parliamentary institutions. On one celebrated occasion within recent months he slipped. I may forgive him that, because it is said that even Homer nods. But his government passed an order in peace time altering a civil statute that had nothing to do with the war at all. In March of last year an amendment to the Companies Act was put through which altered the law, and I doubt if it ever saw the light of day until somebody dug it up. Did that come to the attention of the Prime Minister, and did he give his imprimatur to it? It was done because the Minister of Transport desired to seize jurisdiction unknown to the people of Canada and to the legal profession. On examination the Prime Minister will find out that it is not all as he would suggest it is. Things are being done to-day by order in council which ought never to be done. I make that statement to the Prime Minister in general terms. I know he cannot watch everything that goes through council. He cannot be there every day. He has to take the statement of his minister on the recommendations and reports that are made by various departments; but there are official acts given the imprimatur of the governor in council as to matters unrelated to the war that ought never to be approved. That is what we object to. I realize that the government must have large and important powers to carry on the war, and emergent powers in relation to those other things that they have set up, although I do not concur in the theory. Powers are delegated to boards that are created, and those powers are not reviewable by the courts. That is an offence committed by the government in relation to certain boards that have been set up during this war. They are not even open to question by the courts. The subject is denied access to the courts. That is a pretty serious thing to happen in this country. On general principles the Prime Minister will agree with that. Denial of access to the courts of Canada should in no circumstances be made, and no government which thinks the thing through would ever permit that sort of thing to be done.

I know in days gone by that governments have seized jurisdiction. I suppose no greater controversy ever arose in the United States than arose when Mr. Lincoln suspended the writ of *habeas corpus* at one stage in the civil war. No action on the part of his government, in theory at least, ever raised such a controversy as the seizure of power by his administration at that time. And it subsequently turned out that the attorney general of his administration—I think it was Mr. Chase—wrote a learned disquisition in which he condemned the action of the government of which he was attorney general. I say to the government, let us forget about the past in regard to these things and let us not have a repetition of what has been done improperly in days gone by, especially on the question referred this afternoon to by the hon. member for Lake Centre, the denial to the citizens of this country of access to the courts. I think that is one of the greatest offences of the administration, at least from the point of view of the legal profession and the people of the country.

Mr. DIEFENBAKER: I should like to refer to one matter in connection with the statute that the Prime Minister read a moment ago as a justification for the non-observance of the publication of regulations as part of the statute. I believe the section in question covers only the regulations that are required by the statute to be published in the *Canada Gazette*. In that connection I should like to refer the committee to section 18 of bill No. 133, to amend the Aeronautics Act. This section requires the regulations to be published in the *Canada Gazette*. The section is as follows:

> All regulations enacted under the provisions of this act shall be published in the *Canada Gazette*, and, upon being so published, shall have the same force and effect as if they formed part of this act.

Apparently section 18 of the Aeronautics Act is intended to cover such cases as those referred to in the statute of 1927. That is borne out by section 19 of the Aeronautics Act, which reads as follows:

> Such regulations shall be laid before both houses of parliament within ten days after the publication thereof if parliament is then sitting, and if parliament is not sitting, then within ten days after the next ensuing sittings thereof.

The hon. member for St. John-Albert has asked that a similar section should be included in the bill we are discussing.

Mr. HAZEN: It is extremely difficult to understand a section of an act when it is read across the floor of the committee. It requires some study, but I think the hon. member for Lake Centre correctly interpreted section 29 of the revised statutes of 1927, chapter 162, when he said that it provided that the regulations were to be published only when it was so provided in the act or statute. I think that is the interpretation to be put upon that section. I am going to move that section 6 of the bill be amended by adding thereto a subparagraph to read as follows—

The CHAIRMAN: Section 6 has been passed.

Mr. HAZEN: I bring it to the attention of the Prime Minister and ask him if the interpretation of chapter 162, section 29, as laid down by the hon. member for Lake Centre is correct. Would the Prime Minister entertain such an amendment to this bill?

Mr. MACKENZIE KING: I was just about to say if it will make perfectly clear the desire and the intention of the government to see that there is full publicity given to orders and regulations, I shall be very happy to add another subsection to section 9, and I am prepared to take the section which appears in the other act to which the hon. member has drawn attention. I would ask one of my colleagues to move that to section 9 there be added subsection (2) to read as follows:

All orders and regulations under this section shall forthwith, after approval by the governor in council be published in the *Canada Gazette* and laid before parliament within fifteen days after they are made, if parliament is then sitting, and, if not, then within ten days after the commencement of the next ensuing session thereof.

Mr. MACKENZIE (Vancouver Centre): I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

On section 10—Information not to be disclosed.

Mr. HANSON (York-Sunbury): I agree with the underlying principle of this section that there should be secrecy in relation to the business of any person, and that information of a private nature or relating to a private business, an individual business or a corporation, should not be disclosed, for reasons which I think will commend themselves to everyone. But I gravely question the provisions of section 11. I wish the Prime Minister would direct his attention to that. What is meant by the words "without lawful excuse"? Suppose the minister demands certain information which I do not wish to give. Notwithstanding the provisions with respect to secrecy, in section 10, we know that it is impossible to keep all this information secret, and I protest against the provision that a man who refuses to speak shall be found guilty of an offence against the act. On general principles that provision is bad.

I will give the Prime Minister an illustration of what I mean. Recently the wartime prices and trade board sent out to shook manufacturers a questionnaire including dozens upon dozens of questions, calling upon them, under the authority of some order in council, to disclose to that board the fullest possible information about these individual businesses. This is information which is given to-day only to the taxation department, and which ought not to be given even to the department in the detail required in this instance save and except on the theory that it is necessary to protect the public revenue. Here the wartime prices and trade board are asking me, as a box manufacturer, to disclose my business in great detail to an army of officials—because that is what it will come down to in its final essence; and while I know an attempt is made in the regulations to hide the identity of the individual by using a code number, or something of the kind, still I say it is asking just too much of human nature. I can tell the Prime Minister that in the case I mentioned the demand will be thoroughly ineffective, because in eastern Canada at least the shook business is not distinct and apart; it is wrapped up with, it is a corollary or branch of, the lumber business. As a rule shooks are made from the lumber left over from the general trade, and they are set up in one corporate enterprise. It is impossible to break that down, from an accounting standpoint; therefore what is required is the disclosure to the wartime prices and trade board of information they ought not to have, because it is information relating to a much broader subject matter and information which, if it came to the notice of a competitor, might do a great deal of damage to the subject under review.

Without pursuing the subject further I ask the Prime Minister to state upon what principle he suggests that this house should enact a punitive clause against some of the people of this country for refusing to give information with respect to a broad subject such as reconstruction. Of course any good citizen will comply with a proper request, but it might go far beyond that; it might become an inquisition in the hands of an improper official. I do think this is going a long, long way, and

that the Prime Minister would never tolerate it in his own private business. Certainly I would be quite against it, if I came up against a statutory provision of this sort, that because I found it in my own interests and in the interests of my shareholders, we will say, that I should not answer certain questions put to me by the minister, I should be classed as a quasi-criminal and made subject to a penalty. If you can imagine any more bureaucratic method of carrying on business than legislation of this type, I should like to know what it is. I suggest to the Prime Minister that if the public knew this provision was in the bill they would condemn this legislation out of hand, not because on its face it is not a good measure but because attention would be diverted from the good features of the bill to this drastic feature which I suggest should be eliminated.

What reasonable excuse is there for putting in this provision? It ought not to be there at all. The minister has all kinds of power to get advice, to set up committees and do everything else that may be necessary. I cannot imagine why this provision should be included, why it should be fastened upon a long-suffering public in the face of all the regimentation, the regulation and the bureaucracy we have in this country to-day. That is the sort of thing that is killing government; that is the sort of thing the Prime Minister is going to meet when he goes to the country. I am not particularly anxious to help the Prime Minister when he goes to the country, but if I had no other canvass against this government I would not want a better one than this question of regimentation and bureaucracy.

A moment ago I was facetious; now I am serious, and I do suggest to the Prime Minister that he consider the elimination of section 11. It is undemocratic; it is unnecessary; it is uncalled for. I cannot think of a single useful purpose it will serve. As to the secrecy of information, of course I commend section 10, but certainly I intend to vote against section 11.

Mr. MACKENZIE KING: My difficulty is that, to use my hon. friend's own words, I cannot tell when he is being facetious and when he is serious.

Mr. HANSON (York-Sunbury): Well, I am telling you.

Mr. MACKENZIE KING: I am taking it now that he is serious, and I am going to appeal to his experience as a minister of the crown, as to whether or not that experience would not lead him to see the necessity of the very provision which now to a certain extent he condemns. In the first place an obligation is placed upon the minister, a very serious obligation which this committee already has recognized and agreed to, in section 5, which reads:

> It shall be the duty of the minister:—
>
> (a) to inform himself fully of the needs for new employment of the men and women in the armed forces and in industry and the opportunities that will be available to meet those needs as men and women are demobilized from the armed forces and as war production declines.

How is the minister to inform himself fully if he has not authority to make requests that are fair and reasonable and have his requests met? We all know something of human nature. Some people will do all they can to assist a government. Unfortunately there are a great many who will do all they can to embarrass a government and to resist its authority, and a minister might find the whole obligation which parliament has placed upon him nullified by the omission from the statute of the necessary powers to carry out what has been imposed upon him. A part of that necessary power is to have some penalty attach to neglect on the part of those who will not assist the minister to meet the obligations that have been placed upon him in administering the statute. Section 11, which my hon. friend has been discussing along with section 10, reads:

> Every person who, without lawful excuse, fails to comply with any proper request—

Mr. HANSON (York-Sunbury): What is a lawful excuse?

Mr. MACKENZIE KING: If some questions were asked which would mean disclosing a man's income, for example; there would be a lawful excuse for not answering a question of the kind.

Mr. HANSON (York-Sunbury): That is prohibited by law now. That is not a good illustration.

Mr. MACKENZIE KING: My hon. friend has been emphasizing the importance of the courts. In this case nothing would be done in the way of imposing a penalty until the matter had come before some judicial authority. I am perfectly sure that in a matter of this kind no judicial body would be unreasonable in interpreting this section. They would not permit any broad interpretation. The person would have to make his case that he had lawful excuse for refusing.

On the other hand, if he had what looked like even a reasonable excuse and there was evidence that the minister was trying to get information he really should not have, or trying to get something that would be injurious

to some party, I am quite sure that no judicial body in this country would enforce any penalty.

Mr. HANSON (York-Sunbury): What does the Prime Minister say about the burden of proof? This casts the burden of proof right on the accused.

Mr. MACKENZIE KING: Does my hon. friend think it ought to be on the minister? These clauses have to be interpreted in the light of ministerial responsibility. If the minister was not responsible to parliament for his every act there might be some objection offered to the authority being given. I would point out that this does not concern power that has been delegated; it is ministerial responsibility. One has to take very much into account the fact that the minister is the one who has to decide what questions are to be asked and what inquiries are to be made.

I submit that you cannot ask the minister to seek to get men who are returning from overseas back into industry if he is to be precluded from asking an employer to supply information as to the number of men in his employ who have not been overseas or who have taken no part in the war and the like. Those are the kinds of questions it may be necessary to ask.

Mr. HANSON (York-Sunbury): Apparently the Prime Minister is not familiar with the bill. Under section 6 the minister may "require of any person in Canada a return of information which the minister may require relating to reconstruction." That takes care of the form of instruction to which the Prime Minister referred a minute ago. This section sets up a penalty against the subject. It makes the man who refuses to disclose information requested by the minister subject to a charge and the burden of proof is thrown on him to show why he does not give the information.

I suggest to the Prime Minister that it is a fundamental principle of British justice that when a charge is laid against a man for an infracton of the criminal code, of a quasi criminal piece of legislation or for the commission of a prohibited act, the burden is on the crown, not on the subject. This is on a par with the old prohibitory laws we borrowed from Texas, and other places like Texas, where they had the sumptuary type of legislation which takes away from the subject all his rights and puts him upon the defensive the minute an information is laid. This is not the type of legislation we ought to have if we expect co-operation from the people of Canada.

I know precedents can be given. I see the Minister of Justice is interested in this debate and I know he will tell me there are lots of precedents. But that does not make it right; far from it. The Minister of Pensions and National Health is always referring to the antiquity of certain principles that have been drafted into legislation. That does not make them right, simply because they have been there before and have extended over a period of years. I am simply pointing out to the Prime Minister what I consider is an inherent injustice in this measure.

Mr. MACKENZIE KING: My hon. friend has just drawn my attention to a section in the bill which I might have quoted. He referred to section 6, which reads:

> The minister, to enable him to perform the duties imposed upon him by this act, may:
> (d) require of any person in Canada a return of information which the minister may require relating to reconstruction.

What good would there be to have this section without there being some penalty which could be imposed upon the man who would pay no attention to what the minister asked?

Mr. HANSON (York-Sunbury): I do not think I have made my point clear.

Mr. MACKENZIE (Vancouver Centre): You have not.

Mr. MACKENZIE KING: You certainly have not.

Mr. HANSON (York-Sunbury): Just the mere assertion by the Minister of Pensions and National Health does not prove anything. I call the attention of the Prime Minister that under section 6, which has been passed, this committee has already given to the minister the power to "require of any person in Canada a return of information which the minister may require relating to reconstruction."

It is limited to that. Suppose the minister and the subject differ as to whether the things required relate to reconstruction? The minister gives his *ipse dixit* that it does relate to reconstruction, but the citizen says, "No; it relates to my private business; it has nothing to do with reconstruction." The government of the country then says, "An information will be laid against you and you will have to prove that you have lawful excuse."

An hon. MEMBER: No.

Mr. HANSON (York-Sunbury): Oh, yes. There is the burden of proof.

Mr. CLAXTON: The step the government must first take is to show that there has been failure to give information in res-

pect of reconstruction, and the burden of proof is on the government with respect to that. It is only after it has proved that to the satisfaction of the court that the defendant need even establish that he has a lawful excuse. The burden of proof is laid squarely on the shoulders of the government.

Mr. HANSON (York-Sunbury): That does not follow at all. The bill states that the minister may "require of any person in Canada a return of information which the minister may require relating to reconstruction." Somebody must form an opinion as to the proper interpretation to give to that part of section 6 which relates to reconstruction. I want to emphasize the point I made a moment ago. The minister and his advisers may say, "This relates to reconstruction," but the subject who is under inquisition may say, "It does not relate to reconstruction at all; you are wrong; it relates to something else." The minister then causes an information to be laid. All he has to do is allege that he requires certain information which he says relates to reconstruction.

Mr. POTTIER: No.

Mr. HANSON (York-Sunbury): I have been interpreting statutes in the courts for forty-two years. I have had a little experience and I know how these things work. I know that in certain classes of legislation the courts give a strict construction. In other classes of legislation the courts follow a middle course, and in other classes the courts interpret the provisions of the law quite liberally. There are the three schools of thought in the judiciary with regard to the interpretation of statutes depending upon the nature of the statute. A taxing statute is always construed strictly against the crown. A statute that gives special consideration, like the Bank Act under section 88, is construed strictly.

Here is a statute containing language in express terms which states that the excuse must come from the subject, not that the minister must show that he is *in flagrante delicto*. The machinery of the law is started immediately and the burden of proof is placed upon the citizen. I am not going to argue the matter any further, but I did want to state my objection.

Mr. ST. LAURENT: The hon. gentleman did not state this last time that he was not being facetious, but I will assume, in spite of the substance of his argument, that he was not intending to be facetious.

Mr. HANSON (York-Sunbury): That is a quip and a gibe that is quite unnecessary.

Mr. ST. LAURENT: I will ask the hon. member who has had some little experience in interpreting statutes if he will read and interpret section 164 of the criminal code, compare the language of that section with the language of this bill, and then tell us whether it would make any difference whether this section was in the bill or not.

Mr. HANSON (York-Sunbury): I have not section 164 of the criminal code before me, and I should like to know what the context was before I gave an opinion. I was quite serious, and the minister's gibe at me was quite unworthy of him.

Mr. ST. LAURENT: Section 164 of the criminal code reads:

> Everyone is guilty of an indictable offence and liable to one year's imprisonment who, without lawful excuse, disobeys any act of the parliament of Canada or of any legislature in Canada by wilfully doing any act which it requires to be done, unless some penalty or other mode of punishment is expressly provided by law.

The hon. member has read section 6 (b) of this bill and says: There is authority given by parliament to the minister to require certain information to be supplied; now that being something required by an act of parliament, if he from whom it is required fails to supply it or, in other words, omits doing something that an act of parliament requires, if he has no lawful excuse as provided by section 164 of the criminal code, he is found guilty and condemned accordingly.

Mr. HANSON (York-Sunbury): Provided it is wilful. The minister knows there must be *mens rea*. In the case which the minister suggests under section 164 of the criminal code the crown would have to show disobedience. The burden does not shift until the crown shows it.

Mr. ST. LAURENT: Similarly here the crown would have to show that the information had been required of the person who is accused and that it had not been supplied. That constitutes the offence unless a lawful excuse is shown by the accused. There is no more shifting of the burden there than in the ordinary application of the law.

Mr. HANSON (York-Sunbury): Will the minister be good enough to let me see section 164?

Mr. ST. LAURENT: Certainly. There is no more a shifting of burden of proof here than in the other case. It is merely indicating the elements of the offence—the requisition of the information and the fact that it was not supplied. That constitutes the offence

unless there is a lawful excuse. The crown would have to show that it was information that the minister was entitled to demand and that it had not been supplied. That being established, a case would be made out unless the defendant showed a lawful excuse for not supplying the information.

Mr. HANSON (York-Sunbury): I follow the minister's argument but he misses one salient factor. Under the general law as contained in section 164 of the criminal code there must be a wilful disobedience or failure to do that which it is commanded to do. The crown must in the first instance assume the burden of proof under the general law.

Mr. ST. LAURENT: Here as well.

Mr. HANSON (York-Sunbury): I do not think so. That is not the way I interpret it. If the minister will put in this statute *mens rea*, it would take away from me some of the objection which I have. The Minister of Justice is an old practitioner. I do not know whether he practised in the criminal courts, but I assume he did, and he knows how difficult it is to get a conviction in certain circumstances in relation to criminal intent. The two cases are not parallel. I suggest to the minister that, under section 11, all that the crown has to do is to show that under section 6 they required the information; they may simply say, "In our opinion it was relating to reconstruction," and on that mere prima facie case the accused must answer. I do not think that ought to be the law. They ought to go beyond what I have suggested and prove that it was in point of fact and in law a matter relating to reconstruction. I suggest as a matter of public policy that the courts of this country would not compel a subject to give to a minister or to a group of ministers information that would be detrimental to his private business. It ought not to be the policy of parliament to ask that he should do so. I know that an attempt is made under section 10 to surround with secrecy the information that is given, but that is just not possible. Even in the taxation department, which is surrounded with as much care as it is humanly possible to take to preserve secrecy, there is the gravest doubt whether it is 100 per cent effective so far as secrecy is concerned. I do not say that with any specific case in mind at all, but so many people cannot know so much about so many different things and these things still remain secretive. I shall not labour the point further. I suggest that this is pretty stringent legislation, and this provision ought not to be put in there unless it is strengthened. I hate to see the burden of proof immediately transferred to the accused, and I believe that that will be the construction placed upon this section.

Mr. ST. LAURENT: I suggest that the burden of proof is not changed at all in this section. The hon. member says that we know how difficult it is to get a conviction when there is an express provision that you have to have proof of *mens rea*. This statute is not being put on the statute book so that it may be difficult to apply. It is put there for the purpose described in section 2 (e), to bring about "the reestablishment in civil life and reemployment on demobilization of the men and women of the armed services, and of persons released from war industries." It has been drafted for the purpose of being an effective instrument, and it was not thought in drafting it that it would be proper to make it difficult of application. Here, if information is requested which the accused has lawful reasons for not giving, his reasons can be urged before the court; but if the information is requested for the laudable object of providing reestablishment for those persons in the armed services or in war industries and that information is not forthcoming, it should not be difficult to deal with the person who is thus thwarting the object of the legislation.

Mr. HANSON (York-Sunbury): Even though it reveals his private affairs?

Mr. ST. LAURENT: Even so, because I think it is fair to ask all of us to submit to such inconvenience as may be necessary to provide for the reestablishment of those who have done so much for us during the war.

Mr. HANSON (York-Sunbury): The minister puts it on a very lofty plane, and I take second place to no one in that regard. But I would not use these means and methods. This is to go on for years after the war.

Mr. ST. LAURENT: For the period of reconstruction.

Mr. HANSON (York-Sunbury): Nobody has defined the period of reconstruction.

Mr. MACKENZIE (Vancouver Centre): Yes. Read the bill. Five years after the war.

Mr. NEILL: Four years.

Mr. HANSON (York-Sunbury): That means after the declaration of peace. That may mean ten years. This war is not over yet. All this talk about reconstruction and rehabilitation is predicated on the theory that the war is to cease within a very short time. I tell this house and the country that the major battles of this war are still to come. I think we are losing sight of the main chance

when we are spending time on setting up an administration to make blueprints for the future when we do not yet know whether there is to be a future. We are all, of course, hopeful. But too much emphasis is being laid in Canada to-day upon these subject matters, to the exclusion of the war. How often do we hear now from the Prime Minister a stirring address to the nation to gird its loins because this war is not over? Not very often. I suppose that people are inured to the suggestion that the war has yet to go a long way. But I am appalled at the modern trend wherein people talk about the post-war period to emphasize, and emphasize only, the theory that we are to make men richer and richer instead of better and better. Whoever speaks about the spiritual side of future trends in this country? Nobody. Yet we ought to be thinking about that. But nobody emphasizes it. Hon. members of the socialist group never talk about making people better and better; what they are interested in is making one class poorer and another class richer; that is the main element in their programme to-day.

Mr. GILLIS: Mr. Chairman—

Mr. HANSON (York-Sunbury): The hon. member for Cape Breton South can hold himself in patience. He promised the Minister of Munitions and Supply the other day to make a reply about the situation in Cape Breton, in the coal fields, but I have not heard it.

Mr. GILLIS: You will hear it.

The CHAIRMAN: Order. I ask the hon. member to keep within the limits of the item.

Mr. HANSON (York-Sunbury): Well, then, Mr. Chairman, please ask the hon. member not to interrupt me.

Mr. GILLIS: You started it.

Mr. KUHL: Do you think we would be better with a tightened belt?

Mr. HANSON (York-Sunbury): I heard the hon. member for Jasper-Edson speak the other day of a world in which nobody is going to work any more. I for one would be interested to see that kind of world. I was taught a different theory, that you could not eat unless you worked; but according to the hon. member and those who think as he does we are to have, in the reconstruction days, a world wherein nobody will work.

Mr. BLACKMORE: The hon. member has misrepresented what the hon. member for Jasper-Edson said.

The CHAIRMAN: Order.

Mr. HANSON (York-Sunbury): I heard him read an essay on the subject.

The CHAIRMAN: We should now have reached a stage in the discussion of the bill when it is possible to keep the discussion to the item itself.

Mr. HANSON (York-Sunbury): I agree, but, with all respect to the Chair, I should like to make this observation: we had the hon. member for Jasper-Edson read an essay taken out of some book written by somebody who was going to remodel the world along the line I suggested, that hereafter nobody would work.

Mr. BLACKMORE: You never have.

Mr. HANSON (York-Sunbury): I should like to have had the hon. gentleman follow me for forty years, with the midnight oil I burned.

Mr. KUHL: I should not like to turn out the same, though.

Mr. HANSON (York-Sunbury): That is all right, but I will take my chances on heaven along with the hon. member. I admit at once, Mr. Chairman, that we have strayed from the item; perhaps it has been a little entertainment to break up an otherwise dull afternoon.

I suggest to the treasury benches and to the Minister of Justice in particular that this is pretty drastic legislation. I am not going to take up any more time in arguing against it; I have stated my objection in reasonable language, and I am going to let it go at that.

Section agreed to.

Section 11 agreed to.

On section 12—Penalty.

Mr. NEILL: I am glad we have had this battle of legal wits, because it has furnished me with a good background for the protest I now wish to put in. I refer to the wording of this section, which is as follows:

> 12. Every person who commits an offence against this act is liable on summary conviction, if an individual, to a fine not exceeding five hundred dollars and, if a corporation, to a fine not exceeding five thousand dollars.

I respectfully submit that that is far too much power to put into the hands of an ordinary, average, run-of-the-mine justice of the peace. The subject with which this bill deals is entirely new; it constitutes, I suppose, a new departure in the jurisdiction of the world. We have seen able legal men on both sides of the chamber spend over two hours debating the meaning of one of the simplest sections of the bill, and with a certain amount of apparent justification on both sides.

The subject matter is so wide, and there is no precedent to govern the unhappy justice of the peace, who is to be called upon to decide on a matter involving a penalty of five thousand dollars. The lawyers have, as I said, argued ably this afternoon. How much longer would they have argued, I wonder, if some fat-fee-paying client had been involved?

Mr. HANSON (York-Sunbury): Have a heart.

Mr. NEILL: They would have been talking here not for hours but for days, and quite justifiably; that is what they are paid for—to try to interpret the law for the benefit of their clients.

Mr. HANSON (York-Sunbury): That is not what we are doing here. We are trying to understand the law.

Mr. NEILL: Yes; quite true. I want to tell the Minister of Justice, because I take him to be a man of the cities rather than of the country, that when he deals with the cities he generally finds that the justices of the peace or local magistrates are men of some considerable knowledge of law, either lawyers or having some practical experience in law offices or the like of that; but in the country the situation is quite different. In the country men are often appointed simply to meet the need of having someone available to acknowledge a deed, or a conveyance in the case of a man selling a piece of property, when he has to acknowledge his signature before a justice of the peace. Those are about the principal purposes for which they are appointed. Occasionally they deal with the odd drunk, but that is a very simple matter. The justice of the peace, I submit, in all kindness to them—many of them are my personal friends—do not know the law. When there is so much uncertainty among experts as we have seen this afternoon, how do you expect a country storekeeper or game warden or someone of that kind to be familiar with the law? These men may be well educated, but that does not teach them the law. I will give you three instances, two of which came within my personal knowledge and the other was well advertised.

I am myself a magistrate, although I have not acted for many years. On one occasion I had to get a justice of the peace to sit with me on a case, since it required the presence of two justices of the peace, and I had a horrible time persuading my brother magistrate not to send the three defendants, who were charged with something not very much worse than a bad drunk, to penal servitude for fourteen years. He was a capable, sensible man, but he did not know anything about the law. We finally compromised on three months.

On another occasion, in a little country place some petty ill-feeling led a man to lay a charge against another man for the theft of a mink trap. The trap was worth only fifteen cents new, and this was a second-hand one. The case got before a justice of the peace; a small settlement took sides, and in the end the whole thing was remitted to a court about one hundred and fifty miles away. The justice of the peace was told to serve subpoenas upon the crown witnesses, and in his broad, generous mind he thought he would act fairly and issued summonses to everybody, including witnesses for the defence. By this time the entire village had divided itself into two clans, and nearly half the residents went down to the trial and had a nice holiday. In the end it cost the provincial government $500 to decide the ownership of that mink trap. I have forgotten what happened to the trap, but I know it cost the provincial government $500 because the case came before a country justice of the peace who had the best of intentions.

I give another instance, and it comes home to the hon. member for Yale because it occurred in his district. There are several large lakes there, and a man was charged with the theft of a boat or canoe worth not more than $10. The case was brought before the local justice of the peace, a thoroughly educated gentleman also animated with the best of intentions. The accused was his personal friend; they had social relations with each other. The magistrate thumbed over the criminal code and said to the accused, "I am awfully sorry, old man, but the nearest case I can find to yours is piracy on the high seas and that is punishable with death. I don't know what else can be done." If somebody had not interfered, I suppose the man would have been sentenced to the extreme penalty. These are facts, and this is only an illustration.

Now, you cannot expect knowledge of the law on the part of a country justice of the peace, and yet you are going to give him the power to punish a man with a fine of $500 or in the case of a firm $5,000—and it is sometimes popular but not always wise to hit the big firm in a country place. I suggest that the offence ought to be made indictable. If the Minister of Justice will think the matter over I believe he will agree with me. This is tricky legislation; it is a new measure for which there is no precedent; the justice of the peace cannot run his finger down the page of any statute and find comparable offences. It is entirely new. These cases are not likely

to any great extent to come before country justices of the peace, and in the towns a higher authority will be easily accessible. It would be very much better to have the prosecution made under indictment and not under summary conviction, because this would bring it before a judge who has knowledge of the law.

It might be said that it is necessary to impose heavy penalties in order to enforce the law, but it does not by any means follow that by putting absurdly heavy penalties within the discretion of an untrained man you are going to have a successful enforcement of a statute. The minister at the present time has before the house a bill for the amendment of an act which has been on the statutes for fifty or sixty years, which provide that if a man is caught stealing anything, however small, from a letter in the mails, he shall go to the penitentiary for not less than three years, and he explained when he introduced the bill that it had been found necessary to amend the law because as it stood it was not fair to the petty thief and did not result in a successful enforcement of the provision. The reason for that is obvious. Rather than send a man to gaol for three years for a trivial offence a magistrate will suspend sentence, or the matter will be hushed up. That is what I am impressing on the minister now. If he makes his punishment too heavy the penalty will not be enforced, because the matter is likely to be hushed up. It is said of a certain ruler of Turkey that, having found a baker giving false weight, he had the man put into his own oven and baked, and he said that he had stopped that crime for the future. Well, that is neither the British nor the Christian way of doing things. In the long run, certainty of punishment, rather than undue severity, is what deters crime, and I suggest to the minister that what we should aim at here is certainty rather than unduly harsh punishment. For that reason I suggest that the matter should be taken by way of indictment.

Mr. ST. LAURENT: An indictable offence is usually looked upon as much more serious than matters that are punishable by summary conviction, and this here was regarded merely as an offence and not as something which formerly would have been considered a felony. It having been declared an offence, a penalty had to be provided in the bill itself, or the penalty would have been that fixed by the criminal code under section 164, which is much severer than the one here set out.

Mr. NEILL: On indictment?

Mr. ST. LAURENT: On indictment. Unless the procedure and the penalty were fixed in this statute it would constitute an indictable offence, which is usually regarded as something more serious than offences punishable by summary conviction.

Mr. NEILL: Five thousand dollars is a very heavy penalty.

Mr. ST. LAURENT: That is the maximum. The bill that I have before the house is to remove the minimum. When the minimum is not fixed, article 1029 of the criminal code provides that the penalty may be anything from a farthing or a cent to $500 in the case of an individual and from one cent to $5,000 in the case of a corporation, absolutely in the discretion of the court. I think the hon. gentleman knows from his experience with the Department of Justice that when it happens that what appears to be an exorbitant fine has been imposed there is no hesitation in coming to the Department of Justice and asking them to recommend to his excellency clemency and a reduction of the fine. There have been some cases where fines which appeared to be out of proportion to the seriousness of the offence have been imposed, and there have been quite a number of cases where the Department of Justice has recommended to his excellency, in the exercise of clemency, a reduction of the fine. I would fully agree with the hon. member if we were fixing a minimum, but there is no minimum fixed in this case. It is merely a maximum, and as to that maximum, the purpose of the bill is to do for reconstruction what was done for war purposes under the Department of Munitions and Supply Act. There the penalty was up to $500 in the case of an offence by an individual and up to $5,000 on a corporation. There is no minimum being fixed in this bill, and there may be cases where a substantial fine would be felt to be in order.

Mr. NEILL: I see the force of the minister's logic, but I do not think it was improved by his falling back to some considerable extent on the argument that if a wrong judgment were given the Department of Justice would see that it was rectified. Would it not be better to obviate the wrong judgment by setting up machinery of such a nature as would reduce the possibilities of such a thing occurring? The country justice of the peace is not a lawyer; he is not familiar with law, and he should not be given such power.

Mr. ST. LAURENT: It may be that these summary conviction cases are frequently prosecuted before justices of the peace in British Columbia. I was so informed the other day, although I had not been aware of that fact. In

most of the other provinces they are prosecuted before magistrates who have been appointed under statutes which require them to be lawyers and to have practised for a certain number of years.

Mr. NEILL: Not in British Columbia.

Mr. ST. LAURENT: I am told that there are many districts in British Columbia where summary convictions are taken before justices of the peace who have not been practising lawyers, but I think the hon. member knows his community well enough to feel that the possibility of imposing a fine of $500 on an individual will not be apt to occasion any serious injustice in cases brought before such justices of the peace.

Mr. NEILL: Oh! I was not worrying about my constituency but about the constituency represented by the member for York-Sunbury (Mr. Hanson).

Mr. ST. LAURENT: In the province from which the hon. member for York-Sunbury comes these matters are usually prosecuted before magistrates.

Section agreed to.

On section 13—Expenses.

Mr. BLACKMORE: I should like to make a few remarks on the general question that is dealt with in this section. May I read it so that it will appear on *Hansard*.

> The expenses of administration of this act and any other expenditures to be made by the department or by any other department hereunder shall be met out of the war appropriation or other moneys appropriated by parliament.

The other night I took occasion to comment upon the wording of paragraph (e) of section 2, which reads:

> "reconstruction" means the reestablishment in civil life and reemployment on demobilization of the men and women of the armed services, of persons released from war industries, and the reorganization of industry, in order to provide maximum production and full employment during and following the change over from war-time production of industry to peace-time production, and includes every undertaking by dominion, provincial or municipal authority or by any corporation or other person which may contribute to such reorganization.

May I call the committee's attention to the very wide field which is covered by paragraph (e) of section 2, and the enormous expenditure of money which will be involved? I doubt very much whether the average member of this committee, including myself, can form even a vague guess of the astronomical figure which will be required to express the amount of money which would bring about full employment in Canada. Notice what it says:

> . . . maximum production and full employment during and following the change over from war-time production . . .

I am raising the question, where is the money coming from? If I may direct my remarks for a few minutes constructively to the proposal that the money must not come entirely from debt or taxation, I may make a worth-while contribution to the proceedings of this committee.

I believe it is well known by the members of this committee that the organization which I represent in this house believes in the use of the national credit for the financing of projects which are incidental to raising the standard of living in the country; that it maintains that money can be created by the state debt-free—or shall we say "currency" instead of money; and that the amount of such money that can be created bears a direct relation to the productive and consumptive capacity of the nation. If it is accepted that the amount of currency or money which a nation can create depends directly upon the goods and services which that nation can produce and consume, then we reach a realistic concept of the amount of money which the government may have available for the prosecution of any project which it may deem advisable.

We have a way of determining the amount of money we can have, because the amount will depend upon our resources and our skill in working up those resources into consumable goods which our people and people abroad can enjoy. May I cite to the Prime Minister two or three little excerpts from documents which I believe he will find thoroughly reliable and authentic? First I suggest that he take the report of the royal commission on banking and currency in Canada of 1933 and turn to page 22, paragraph 47. There he will read the following words:

> In the war session of August, 1914, parliament raised the partially covered issue to $50,000,000. Subsequently an issue of $16,000,000 was made against the deposit of railway securities guaranteed by the dominion government, as well as an uncovered issue of $10,000,000 for government purposes.

May I pause just there to reason with the Prime Minister for a minute or two on what is contained in that statement? The only backing behind the $16,000,000 was railway securities; and behind the $10,000,000 there was no backing at all. But the $26,000,000 which were produced as a result of this creation of money were spent by the government

for governmental purposes. That was back during the last war, in a time when ordinarily it is dangerous for the state to create money, because there is usually or likely to be a scarcity of goods in the country while war is progressing. May I continue with the passage:

> In 1917 an emergency issue of $50,000,000 of dominion notes was made to finance war purchases in Canada by the British government. The notes were secured by imperial treasury bills. In due course, this indebtedness was liquidated by payments from the British treasury and all of this issue had been redeemed by 1927.

That passage has no particular bearing on the matter under discussion this afternoon. The next passage is:

> No changes have since been made in the Dominion Notes Act except that by a statute passed on March 30, 1933, the governor in council was empowered to suspend the redemption in gold of dominion notes, and an order in council to this effect was made on April 10, 1933.

It is to be gathered from that passage that after April 10, 1933, it was no longer possible for any one holding a Dominion of Canada note to demand gold in redemption of it. This put the country on a fiat money basis purely and simply, and roughly speaking the country has so continued from that time to the present.

What is there behind the fiat money which can give it stability and value? Only the goods and services producing power of the nation; for the more goods and services a nation can produce the more readily is it possible to buy goods with the money which the nation may create. This truth has profound significance for Canada in the post-war period. It will have a tremendous importance in its bearing upon this act if it is applied successfully, and I wish the Prime Minister and anyone who is in power in the country during the post-war period every success in the application of it. But a tremendously important part in the successful application of this act and the achievement of the objective which is envisaged by it will be played by created money, debt-free. I warn the Prime Minister or anyone who holds his position during those trying times that if we in Canada must depend upon the money which can be collected by taxation from the Dominion of Canada for the application of this act, then the whole process of reconstruction will be a disappointment of the bitterest kind, and many of the fine ideals which actuated those who framed this bill will be discarded, because men will rise and say: "The war is over; we have to pay for the war. Let us tighten our belts." Immediately there will be induced a period of retrenchment which will bode ill for the success of the application of this act and will tend to results as deplorable as those which resulted from the last war.

On one or two occasions I have offended the Prime Minister by rather severe remarks directed towards the way in which we were treating the returned men of the last war. I do not propose to refer to them this afternoon. I have not changed my opinion one iota. The men who fought the last war were my friends, my companions, the boys who were my age, my school mates, my university companions; and the way those men were treated after the war will be held by me as a condemnation of the administrations which have conducted affairs in Canada since that time. Offhand I cannot recall a single man who received the treatment to which he was entitled. The Prime Minister knows we promised these men "homes for heroes." He has read of that, but what returned man ever received a home befitting a hero?

Now may I go on with this general question of the creation of money, just to show what there is in the records which are available to all hon. members of this house. I wish to quote further from the report of the royal commission on banking and currency in Canada, this time at pages 22 and 23, and to read what was said by a former minister of finance of the dominion government, a man for whom I should think the Liberals in particular would have a high degree of respect:

> But extensive use continued to be made of the power to issue dominion notes to the banks against approved securities with the result that it was decided in 1923 to make this part of the Finance Act mechanism a feature of the normal Canadian financial system. In introducing the new legislation, Mr. Fielding, the Minister of Finance, made the following brief explanation of its purpose: "The act (Finance Act) was adopted as a war measure, and no doubt was exceedingly useful in the financial operations during the war. It may be said that the war being over we no longer have any need for the act, but experience has shown that the act is still required; indeed, I am inclined to think that something of the kind will have to become almost a permanent part of our financial system."

I wonder why the Liberal party has so long neglected the wise counsel implied in those words. May I now refer to another semi-official document, the Canada Year Book, 1932, at the bottom of 759, where hon. members will find a footnote containing the following words:

> The Finance Act, 1914 (5 Geo. V.C. 3) makes provision in case of war, panic, etc., for the issue of dominion notes against approved securities. This emergency arrangement was made a permanent feature by c. 48 of the statutes of 1923.

One cannot help but wonder why, before we allowed our returned men to suffer degradation, we did not use these powers. I believe the fact that we did not do so constitutes a solemn warning to this generation that unless something is done we will continue to ignore these possibilities. I must say that I am really discouraged by reason of the fact that the Prime Minister, the hon. member for St. Lawrence-St. George, the hon. member for Essex East and the hon. member for Cariboo, who were the government representatives and advocates in the discussion which preceded the introduction of this bill and in the discussion of the bill itself, referred to nothing but taxation and debt. In a vague sort of way the hon. member for Cariboo reminded us what the banks did when they had to market a crop of wheat, but beyond that he did not go, nor did the Prime Minister. What does it mean? It means that the people of Canada are left out on a limb at the present time, with no idea whatever of how the government proposes to do all the things it envisages in this act. If the government has no financial device for financing the projects involved in this act, beyond borrowing and taxation, all I can say is that this whole measure is nothing in the world but another means of deceiving the Canadian people.

As an indication of the possibilities of the use of debt-free money, state-created, I should like to read two or three passages from the report of the Bank of Canada dated February 10, 1944, wherein the governor of the bank, or whoever wrote the report, suggests the tremendous productive capacity of Canada in the post-war world. I have already indicated that the amount of money a state can create debt-free depends upon the goods the state can produce and consume. If, then, it can be shown that we are capable of producing an astounding amount of goods, then the possibility of the use of this debt-free money, which is indicated in the three excerpts which I have read, becomes very encouraging. Now I read from page 11 of the report of the Bank of Canada:

> By the end of 1943 the gainfully occupied population had risen to approximately 5,100,000 but about 1,900,000 of these were engaged in the armed forces, in supplying the weapons of war, or in producing the food required for special wartime exports. The number available to meet civilian needs had therefore fallen to about 3,200,000, but at the same time the average standard of living had risen materially and was probably higher than it had ever been.

Mr. MACKENZIE KING: Would my hon. friend permit me to interrupt, since it is just a minute to six o'clock? I should like to move that the committee rise, report progress and ask leave to sit again this day. I have to make that motion now in order that the committee may continue after the Minister of Finance has made his statement on the budget.

Mr. BLACKMORE: The Prime Minister will not mind if I read one more sentence?

Mr. MACKENZIE KING: Not if my hon. friend is going to stop then for good.

Mr. BLACKMORE: Yes, I am going to stop then, because I understand that at eight o'clock we are going on with the budget.

> This increased output of consumption goods by a smaller working force can be accounted for in part by longer hours of work, favourable crop conditions and the abnormally small number now employed in private capital development and maintenance work. Another important factor, however, has been the improvement in production techniques worked out under the stress of war.

In the next paragraph the governor of the bank goes on to point out that there will be an enormous increase in the goods produced in this country, which would indicate that if only we will be realistic in the matter of money and use the power which is implied in the three quotations I have read, we will not need to be anxious at all about implementing this measure for the rehabilitation and reconstruction of Canada.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. J. L. ILSLEY (Minister of Finance) moved:

> That Mr. Speaker do now leave the chair for the house to go into committe of ways and means.

He said: Mr. Speaker in laying before the house the government's proposals for meeting the financial requirements of the present fiscal year, it is proper that I should give some account of the economic conditions and the financial results of the fiscal year which closed on March 31. In doing so, I refer the house to the white paper, which I shall table before sitting down, for the detailed record with which I do not wish to burden the house now.

I.

ECONOMIC AND FINANCIAL REVIEW

The whole of the fiscal year was marked by high and sustained levels of production and employment. The employment index on April 1, 1944, was at almost exactly the same level as on April 1, 1943, despite the withdrawals to the armed forces. While there were marked changes in individual industries, the over-all variation was only in the amount of the unfilled demand for labour and in the incidence of shortages. This is a condition which we may expect to persist as the European military operations gain in scope and speed. The net demand for labour, as registered at the national selective service offices, has already mounted far above the levels reached in the spring.

Roughly estimated, national income in 1943-44 was something like twelve per cent higher than in the preceding fiscal year. Aside from the pay and allowances of the armed forces, much the largest increase relatively was in farm incomes. Salaries and wages were up more moderately while investors' and other enterprisers' income experienced still smaller increases. In contrast, rising costs were bringing about a decrease in corporate profits.

Consumer spending also increased through the year, and was in part reflected in an increase in retail sales which was most marked in country stores. It was reflected also in increased revenue from some of our luxury and quasi-luxury taxes.

Prices rose, and the cost of living index moved up one and one-half points during the year though on April 1 it had fallen somewhat from the higher levels established last fall. There are other occasions for discussing at length the government's policy of controlling prices, wages and salaries. However, I believe that that policy in its broad principles has the support of all parties. The need for it is evident on every side. It is not without its irritations and disadvantages but its beneficial results are beyond dispute. It is only necessary to remind the house that the government reaffirmed its policy in November last and again in March, and that the successful maintenance of that policy, through the period of active military operations in Europe and in the readjustment which will follow, will be even more important to this country than it has been in the past and that it will be at least as difficult.

GOVERNMENT ACCOUNTS AND FINANCING, 1943-44

The financial results of the past year reflect these economic changes as well as the unfolding development of the war program and the application of the revenue measures. Though the public accounts for the year are not yet made up, I am able at this date to give close estimates of the final figures.

REVENUES

Total revenues for the year, including $155 million dollars of refundable taxes, were $2,856 million, an increase of $537 million, or twenty-three per cent over the revenues of 1942-43. Of this increase, total tax revenues at $2,592 million supplied $455 million.

The receipts from the personal income tax were $813 million, $279 million or fifty-two per cent above those for the preceding year. Of these receipts, an estimated $115 million was refundable. The large increase arose from the application of the higher rates of the 1942 amendments to the full fiscal year 1943-44, and the substantial increase in taxable incomes themselves. Revenue from the corporation tax amounted to $311 million, about ten per cent less than in the previous year in which the yield had been abnormally large because the time of payment had been moved forward. The excess profits tax yielded $469 million, slightly more than in 1942-43, reflecting the application of the higher rates of the 1942 budget for a full fiscal year. Succession duties at $15 million were also slightly higher.

Revenues from indirect taxes, with the exception of excise duties, in the yield of which there was little change, were very substantially higher. Customs duties produced $168 million, an increase of $49 million. The net revenues from the sales tax were $305 million, $72 million more than the previous year. The war exchange tax yielded $119 million, or $24 million increase. These are substantial increases. It should be noted, however, that the government itself, as a payer of taxes on its war and ordinary purchases, contributed a considerable part of the increases.

Excise taxes, other than the sales tax and war exchange tax, yielded $215 million, an increase of $54 million. Taxes on cigars, cigarettes and tobacco provided more than half of this increase, while those on beverages, candy and chewing gum, transportation and communication and the proceeds of sales of excise stamps which reflect the retail taxes, contributed substantially toward it.

Among ordinary non-tax revenues, which totalled $140 million, the post office, following last year's increase in rates, produced a revenue of $61 million, an increase of $12 million. The return on investments was $52 million, $11 million more than in the previous year. Among special receipts, the income surplus of the

Canadian National Railways amounted to nearly $36 million, or almost $11 million over the figure for the previous year.

EXPENDITURES

Ordinary expenditures were $630 million. The interest on the public debt was $243 million, and, of the total increase in ordinary expenditure of $69 million, it accounted for $54 million. To the remaining increase of $15 million, the cost of loan flotations and amortization contributed $5 million; compensation to the provinces in respect of the guarantee of revenues from gasoline taxes, $4 million; unemployment insurance $1 million, increased expenses of the Department of National Revenue $3 million; and the post office $4 million.

Capital expenditures, at $3 million, were slightly reduced. Special expenditures amounted to $37 million, and were $6 million higher than in 1942-43. Higher payments under the Prairie Farm Assistance Act and the wheat acreage reduction plan accounted for the whole of the increase. Government-owned enterprises required somewhat more than $1 million, about the same as last year. Other charges amounted to $64 million and were slightly lower than in the previous year.

Under the war appropriation acts, including Mutual Aid, expenditures were $4,625 million, an increase of $901 million over war expenditures for 1942-43.

Total expenditures for the year thus were $5,360 million, an increase of $973 million over those of the previous year, but slightly less than the amount estimated in the budget of last year. Total revenues for the year exclusive of refundable taxes were $2,701 million. Deducting these, we arrive at the over-all budgetary deficit of $2,659 million—the amount by which the net debt was increased during the year. The proportion of expenditures met out of current revenue, slightly more than fifty per cent, is somewhat better, it will be noted, than I predicted last year.

FINANCIAL REQUIREMENTS AND BORROWING

The budgetary deficit is the amount by which the net debt increased during the year. It is not the cash deficiency, that is the amount which we had to borrow to meet our cash requirements. As contrasted with total expenditures of $5,360 million, our total requirements for cash in Canada were $5,841 million. The difference between this sum and the amount of our expenditures, is made up of the amounts required to make recoverable advances in connection with war purchases, to pay off indebtedness abroad, and to purchase securities, foreign exchange and other active assets.

Our first source of cash to meet these requirements was our revenues which produced $2,662 million in cash. The refundable portion of the income and excess profits taxes provided $155 million, net receipts in trust, insurance and superannuation accounts contributed $50 million, and miscellaneous receipts and credits resulting from the working of various accounts, $39 million. The remainder, $2,935 million, is the amount of the cash deficiency.

It is this cash deficiency, not the budgetary deficit, which measures the amount of our borrowing requirements, and it is often much the larger amount. In the past year, the cash deficiency was only ten per cent higher than the budgetary deficit, but in three of five of the war years, when we were greatly extending our war programme, repatriating securities and accumulating sterling, it was more than double the budgetary deficit. Over the five years as a whole, it was nearly fifty per cent greater than the budgetary deficit. I lay some emphasis on this distinction because not only has it been of great importance in the past, but it is likely to be very significant in the future.

To a small extent, the cash deficiency was met by drawing down our cash balances by $42 million. The total cash borrowing for the year, $2,962 million, met the remainder, and in addition provided $60 million to meet bond maturities in cash and $9 million to reduce the floating debt. In addition, securities to the value of $696 million were renewed or converted, not including the annual renewal of $33 million of school lands debentures. Of the cash obtained by the issue of new securities, $60 million came from the increase in the treasury bill issues, $170 million resulted from the sale of $200 million 2-year notes to the chartered banks less a reduction of $30 million in the deposit certificates outstanding; the remainder, $2,732 million, was the proceeds of borrowing from the general public. War savings certificates, together with the accumulated interest thereon, yielded $47 million net, non-interest-bearing certificates $1 million and sales of victory bonds $2,684 million.

In the budget speech of last year, I charged national war finance committee with the duty of promoting continuously the sale of war savings certificates and stamps and of organizing and conducting two victory loan campaigns. This task they faithfully and brilliantly accomplished.

Sales of securities and stamps, including conversion sales, by the national war finance

organization amounted to about $2,947 million. Of this total, sales to individuals, excluding those in the special names canvass, amounted to $1,239 million and the number of applications on the occasion of the fifth victory loan rose to 3 million. With the permission of the house, I shall put on *Hansard* a brief table giving the detail of these sales:

Security	Total amount (millions)	Sales to[1] individuals (millions)	Sales to others (millions)	Number of applications (millions)
Fourth victory loan cash sales	$1,308·7	$ 529·5	$ 779·2	2·7
Fifth victory loan cash sales	1,375·0	599·7	775·3	3·0
Conversion sales	195·6	42·2	153·4	0·0
Total	$1,570·6	$ 641·9	$ 928·7	
War savings certificates	66·5	66·5	....	10·2
Stamps[2]	1·4	1·4	....	....
Total	$2,947·2	$1,239·3	$1,707·9	....

[1] Excludes individuals covered in the special names canvass.

[2] Net increase in public holdings; certificate sales include certificates issued against payments in stamps. Total stamp sales in the year were $12·2 million.

This is the largest volume of securities which has ever been sold to the Canadian public in any year, but probably it will have to be exceeded in the present year. Further, bonds and certificates are now held by more people than ever before. It is estimated that there are at least 2½ million persons holding war and victory bonds, and perhaps over 3½ million individuals holding war savings certificates.

The costs of our public borrowing operations are very low considering the magnitude of the loans, and the number of individual transactions. In the year ended March 31, 1944, costs incurred by the national war finance committee, with respect to the sale of victory bonds, and war savings certificates and stamps, amounted to only about 87 cents for each $100 of securities sold—that is, seven-eighths of 1 per cent of total sales. To achieve such outstanding results at this cost, is, in my opinion, a proud record of accomplishment. It is a record which is made possible only by the voluntary services of the tens of thousands of people who form the voluntary staff of the national war finance organization, by the tremendous energy and enthusiasm they bring to the discharge of the war-time responsibility which has been entrusted to them by their fellow-Canadians, and by the unremitting and wholehearted support given to our victory loans by business firms, by the press, the radio, the motion picture industry, and by labour, agricultural, and many other organizations and groups throughout the country.

There is one point at which the record of our war financing is not as good as I would wish. On several occasions over the past two years, I have referred to the fact that many investors are disposing of victory bonds they bought during campaign periods, and that many people are presenting war savings certificates for redemption. I should like to say here a further word to the millions of Canadians who now own victory bonds and war savings certificates.

Last year, I said that when a person buys a victory bond or a war savings certificate, that person is helping his country to get the materials needed for war use, and, in doing so, is doing his part to fight the home-front battle against inflation. I went on to say that when people sell their bonds or have their certificates redeemed, they are withdrawing this help. These statements are true to-day as they were a year ago. This is a time for increasing our support of our fighting forces. It is not the time to withdraw it. We are giving and maintaining this support when we set aside the largest possible amount of savings for the purchase of victory bonds and certificates, and when we hold on to the bonds and certificates we now own.

Emergency needs for cash are one thing. Unnecessary spending, financed by the turning of bonds or certificates into cash, is quite another. Unnecessary spending at this time is a betrayal of our obligation to the men who are risking their lives and dying in the great battle for world freedom.

Everyone who owns bonds or certificates should always remember that a reserve of savings will be of great value to the individual

and to the nation after the war. When materials and productive facilities can again be devoted to civilian use, more and better-quality goods will be on sale than are available to-day. Now is the time to lay aside funds for building something after the war, or for buying something new and durable, or to start one's own business—or to expand it.

In the meantime, the money invested in bonds and certificates is ready for emergency use at any time it may be needed because there is always a ready market for victory bonds, and war savings certificates are redeemable any time after six months from date of issue. But before any person sells his bonds or presents his certificates for redemption, I would ask him to weigh his real or imagined need for cash against his country's need for his continued support at this critical stage of the war and against the advantages, national and personal, which can be realized by the postponement of spending until after the war is over.

THE FUNDED DEBT

At March 31, 1944, the gross unmatured funded debt is estimated to have been $10,689 million, of which ninety-seven per cent was held in Canada. The net debt at the same date was $8,842 million. The annual interest charge on the funded debt was $274 million or an average rate of 2·57 per cent. On March 31, 1939, the average rate of interest on the funded debt was 3·52 per cent. In addition to the funded debt, there are outstanding bonds and debentures, guaranteed by the government of Canada, in the amount of $699 million, a decrease of $17 million during the year.

From time to time, concern is expressed over the growing size of the national debt. The increase in our national debt as a result of war should be viewed in perspective. There are other considerations than the amount, which is determined chiefly by the necessity of war expenditures. In the five years from 1914 to 1919, the debt of that day had increased nearly seven times, but because the average rate had risen from 3·579 to 5·022 per cent the annual interest charges had risen more than nine times. Further, about one-third of the debt was payable outside the country and a substantial portion of the debt was in tax-exempt securities. Commodity prices had more than doubled, and were about to fall.

In the past five years, while the funded debt has increased slightly more than three times, the average rate of interest has declined from 3·52 to 2·57 per cent, and the annual interest charges have risen two and a quarter times. If we take into account the revenue received by the government then the net interest charges have increased only by a much smaller amount. The share of the debt payable outside the country has fallen from twenty-six to scarcely more than three per cent; there are no tax-exempt bonds, and we have every expectation of a post-war price level not seriously lower than the present.

I do not wish to push historical comparisons too far; they do give some perspective and draw attention to significant facts. I would emphasize rather that, while the national debt has increased, our national income, and with it our capacity to carry the debt has fully doubled since the beginning of the war. I would point out that the debt is almost wholly domestic. What is paid in debt charges goes into the pockets of taxpayers whose taxpaying capacity is thereby increased. We have, through the great efforts of the war finance committee and as a matter of deliberate policy, succeeded in distributing our new borrowing very widely so that the interest on the public debt will be paid, not to a few institutions and men of wealth, but to probably not less than sixty per cent of the income-earners of this country. These are reasons why I have confidence in the ability of the country to carry this debt and in the soundness and stability of these bonds as an investment.

II

BUDGET FORECAST 1944-45 AND PROPOSALS

The record of 1943-44 has been made reasonably clear. It is quite a different task to make realistic estimates and proposals for 1944-45. The events and circumstances which will determine the course of the year's activities have not yet unfolded.

The expenditure estimates for the year now current are known to the house. For non-war expenditures as covered in the main estimates $702 million is required. The war estimates stand at $3,650 million, about $62 million less than our war expenditures last year. The Mutual Aid appropriation is $800 million. The estimated expenditures thus reach a total of $5,152 million. This is some $350 million less than the total estimates for last year and $208 million less than the actual expenditures last year, but as will be pointed out later this amount does not represent the whole of our requirements.

On the revenue side, it is estimated that, under the present tax laws, revenues in 1944-45, not including the refundable portion of taxes, will be $2,617 million as compared with $2,701 million in the past year. I shall place on

Hansard a statement showing the details of this estimate in comparison with the revenues of 1943-44:

	1944-45 (millions)	1943-44 (millions)
Customs duties	$ 160	$ 168
Excise duties	150	142
Sales tax	290	305
War exchange tax	120	119
Other excise taxes	225	215
Income taxes:		
Personal	830	813
Corporate	300	311
Excess profits	425	469
Interest and dividends	27	27
Succession duties	17	15
Miscellaneous	8	8
	$2,552	$2,592
Non-tax revenue	145	140
Total ordinary revenue	$2,697	$2,732
Special receipts	$ 75	$ 124
Total revenue	$2,772	$2,856
Less refundable taxes	$ 155	$ 155
Net total revenue	$2,617	$2,701

The table shows that, under the present tax laws, we anticipate declines from customs duties and sales tax. These, it is thought, will result from two sources. In some lines there is likely to be a reduction in volume. To some degree, these taxes are being removed from individual items as administratively a more practical alternative than paying subsidies where such are necessary to maintain the price ceiling.

It is expected that revenues from the personal income tax will increase but that revenue from the corporate income tax and from the excess profits tax will decline. Non-tax revenues are likely to show a small increase.

If these expectations are borne out, there will be a decline of slightly less than $100 million in our total revenues this year. Expenditures of $5,152 million and revenues of $2,617 million will result in a budgetary deficit for 1944-45 of $2,535 million, about $124 million less than that for 1943-44. These estimates are carefully made, but I shall say frankly that I do not attach much importance to the anticipated decline in the deficit. We have entered the period of the most active and widespread offensive operations of the whole war. I consider it not only probable but certain that the swiftly moving events of this year will require expenditures which could not have been anticipated months ago when our appropriations were made up—expenditures which no one would for a moment hesitate to make. In short, while I am bound to subtract our anticipated revenues from the expenditures for which parliament has been asked to make appropriations, I cannot conceal my own conviction that when the accounts for 1944-45 are closed, we shall find that the budgetary deficit has, in fact, been greater, not less, than that for 1943-44.

I have already explained at some length that the amount of our cash deficiency differs substantially from the budgetary deficit, and that our total cash requirements do not coincide with our total expenditures. I have reason to believe that, even though our expenditures do not turn out to be greater than the present appropriations, our cash requirements will exceed those of last year.

The probable circumstances affecting various asset accounts are involved in this prediction, but I shall mention only the main ones. The house and indeed the whole country is aware that, after some reduction in the output of war materials and equipment of which great stocks had been built up, there is now intense pressure, in this as in allied countries, to increase war output to the highest possible peak so that the tremendous operations which have been begun so successfully on the continent of Europe may not be limited nor men be sacrificed for lack of fire-power, equipment and supplies. This vast flow of food, supplies and equipment from field and factory to the advancing fronts of Italy and France is a miracle of organization and a prime requisite of victory. Some of these supplies go to our own forces and are covered by the war appropriation which may have to be supplemented before the end of the present fiscal year. Others go to our allies under an arrangement that, in consideration of their being used by their forces for the defeat of the enemy, no payment will be required now or later. These are covered by the Mutual Aid appropriation. Beyond these, there will probably be large shipments, payment for which is not provided under the war appropriation or the Mutual Aid appropriation. For these we shall have to take payment only in the future or present payment in a currency other than Canadian. Whatever the arrangements, they have this in common that, economically, we can at present get no additional goods in exchange for what we send, and, therefore, the pressure on our man-power is increased, and, financially, we have to find the cash, here and now, to pay for their production and transportation.

There are other factors affecting other asset accounts, but I think I have said enough by way of explanation. As nearly as we can now

estimate, even though our expenditures chargeable to the budget should prove to be lower than those of last year, our cash requirements are likely to be some $200 million in excess of those of 1943-44, in other words something over $6,000 million, and mainly because of the need for arms and supplies to press the invasion and secure the victory.

BASIC CONSIDERATIONS

The cash requirement is the first, and most stubborn fact, with which we have had to reckon in framing financial proposals for the current year. This is the measure of the goods and services which must be acquired for war and other governmental uses. Whether in acquiring them, we incur an expenditure or make an investment has some significance for the future but none for the present. It is not unexpected that in this critical year our cash requirements should be high, and, in fact, as I have explained, they are higher than in any previous year.

The second consideration is the urgent need to achieve and maintain the highest possible production of goods and services of which our available working force and management is capable. The urgency of production is very great, and it is immediate. This is not a matter of building up a great organization from which output will flow in one or two years' time. The need is for maximum production now—from our present capacity and working force. It cannot be met except by maximum production per person.

A third consideration is the desirability of relieving cases of special hardship which very frequently arise when tax rates are heavy, and of removing some anomalies which experience has revealed in the working of our laws.

Finally, we have felt it necessary to keep in mind that we are nearer the end of the European phase of the war than we were. It is not in any spirit of foolish optimism that I state this consideration. The most gruelling part of the race is ahead of us, and if, by great good fortune, the coming months should bring victory in Europe, the Japanese phase of the war will still call for great efforts. Nevertheless, it is no more than prudent to give sober consideration to some of the problems which will arise when we are able to release some portion of our productive capacity for the purposes of peace. Let no one misunderstand me. This is no time to begin the execution, as distinguished from the making, of post-war plans. There is other work for every pair of hands at the moment. I am concerned only with clearing away some of the uncertainties of fiscal policy—opening the way for business firms, both large and small, to proceed on as definite as possible a basis with the drawing up of plans for the post-war conversion and expansion of industry and trade on which employment after the war will depend. If the planning and designing can be done, the execution of the plans will come in good time.

These are the considerations which we have had in mind in framing the financial proposals for this budget.

PERSONAL INCOME TAX

In reviewing the personal income tax, we have given consideration to many contentions that our rates of tax are too heavy and entail serious hardship particularly on persons with low incomes. Realizing that war-time taxation can never be light, we have, nevertheless, carefully reviewed our taxation in its effects on the lower incomes and in comparison with the taxes of other countries.

The main features of our income tax as they affect persons of low income are these: The personal income tax, including the compulsory savings element, consists of two levies. A normal tax of seven per cent is levied on the whole taxable income of single persons who receive more than $660 a year and of married persons who receive more than $1,200 a year. A tax credit is given for each child. In addition, a graduated tax is levied in ascending rates on the taxable income in excess of $660 and tax credits are given for wives and dependents. In order that incentive might not be destroyed by the abrupt application of the seven per cent rate to incomes slightly in excess of $660 or $1,200 there was at first a provision that the income could not be reduced below $660 or $1,200 by reason of the tax, including the compulsory savings portion, and later there was substituted the present provision that the total tax could not be more than two-thirds of the amount by which the taxable income exceeded $660 in the case of single persons or $1,200 in the case of married persons. Thus for single persons whose taxable income is between $660 and $820 the tax on each additional dollar of income is 66⅔ per cent, of which half is compulsory saving and only the other half is pure tax. For married persons, the same rate applies to a range of incomes above $1,200. For those without children the range is considerable, while for those with children it is less extensive.

The suggestion most frequently made is that we should increase the exemptions from $660 and $1,200 to $750 and $1,500 or even higher figures. This would relieve a considerable number of present taxpayers from income tax altogether and would reduce total taxes sub-

stantially for all others, no matter how large their incomes. There is a variety of other ways in which taxes could be reduced.

In considering the level of taxes, we are all inclined to look back to the exemptions and rates in force in Canada in 1939. It will improve our perspective if we look also at the exemptions and rates provided in the laws of other countries to-day. In the United States, the basic exemptions under the 1944 income tax law are $500 for single and $1,000 for married persons. In the United Kingdom, they are the equivalent of $356 for single and $623 for married persons. In Australia, the exemption for single persons is $372 and for married persons without children there is no additional exemption though the rates are lower than for single persons. In New Zealand, there is no exemption whatever in respect of the basic 12½ per cent national and social security taxes, which are levied on the whole income, no matter how small, without exemption, while the exemptions for the graduated tax, and for that only, are $713 for single and $897 for married persons.

In comparing our tax rates with those of other countries, we must remember that our tax is divided into two parts: the first is pure or fixed tax, and the second a refundable or savings portion which will be paid back with interest after the war, and, unlike the compulsory saving in the United Kingdom, it has not to be paid by any taxpayer who is making equal, contractual savings voluntarily. In any comparison of tax rates with those of allied countries, we must compare tax with tax, not with savings. I am not sure that it is generally understood that on this basis Canadians in the lower income groups are not taxed more heavily than the people of other countries.

On the contrary, on the basis of non-refundable taxes, single persons, in the United States, getting from $500 to $1,000 are more highly taxed than in Canada; at higher incomes the Canadian taxes are higher. Married persons without dependents and with incomes from $500 to $1,500 are more highly taxed in the United States; from $1,500 up, our taxes become higher. In the United States, a married person with two children pays a higher tax than our law imposes until the income rises above $1,600.

For each of the three categories, single, married with no dependents, and married with two dependents, and for all levels of earned income up to $2,000 at least, the fixed or non-refundable income taxes payable in the United Kingdom, Australia and New Zealand are substantially higher than in this country.

Mr. GRAYDON: Have those other countries compulsory savings?

Mr. ILSLEY: The United Kingdom has.

Mr. GRAYDON: The other two, Australia and New Zealand, have not?

Mr. ILSLEY: I do not think so.

With the permission of the house, I shall place on *Hansard* tables showing these comparisons in detail for incomes up to $2,000. I commend these tables to the careful attention and study of the house:

COMPARISON OF INCOME TAXES PAYABLE IN CANADA, UNITED STATES, UNITED KINGDOM, AUSTRALIA AND NEW ZEALAND

SINGLE PERSON—NO DEPENDENTS

Earned Income	Canada		United States	United Kingdom		Australia	New *(a)* Zealand
	Fixed Tax	Savings Tax		Fixed Tax	Savings Tax		
$	$	$	$	$	$	$	$
500	0	0	0	0	31	31	63
600	0	0	12	18	42	50	75
700	11	1	32	45	44	74	88
800	45	45	53	72	46	102	113
900	66	66	74	99	49	133	144
1,000	91	79	95	126	51	168	172
1,100	120	88	115	153	53	207	202
1,200	149	96	136	180	55	247	233
1,300	181	104	157	207	72	288	264
1,400	213	112	177	235	89	328	294
1,500	245	120	198	275	94	369	327
1,600	277	128	219	316	98	410	359
1,700	311	136	239	358	101	451	392
1,800	347	144	260	399	105	493	424
1,900	402	152	281	441	108	535	458
2,000	439	160	302	483	111	577	491

(a) Includes national security and social security taxes.

COMPARISON OF INCOME TAXES PAYABLE IN CANADA, UNITED STATES, UNITED KINGDOM, AUSTRALIA AND NEW ZEALAND

MARRIED PERSON—NO DEPENDENTS

Earned Income	Canada		United States	United Kingdom		Australia	New *(a)* Zealand
	Fixed Tax	Savings Tax		Fixed Tax	Savings Tax		
$	$	$	$	$	$	$	$
500	0	0	0	0	0	9	63
600	0	0	2	0	0	20	75
700	0	0	4	0	2	36	88
800	0	0	7	0	32	51	100
900	0	0	10	0	61	67	113
1,000	0	0	12	25	65	102	142
1,100	0	0	15	52	67	140	171
1,200	0	0	36	79	70	173	201
1,300	31	31	57	106	72	208	231
1,400	65	65	77	133	74	244	262
1,500	98	98	98	160	76	281	293
1,600	127	127	119	187	93	318	323
1,700	148	148	139	215	110	356	356
1,800	170	170	160	243	127	395	388
1,900	195	189	181	285	130	434	421
2,000	229	199	202	327	134	473	453

(a) Includes national security and social security taxes.

COMPARISON OF INCOME TAXES PAYABLE IN CANADA, UNITED STATES, UNITED KINGDOM, AUSTRALIA AND NEW ZEALAND

MARRIED—TWO CHILDREN

Earned Income	Canada		United States	United Kingdom		Australia	New *(a)* Zealand
	Fixed Tax	Savings Tax		Fixed Tax	Savings Tax		
$	$	$	$	$	$	$	$
500	0	0	0	0	0	0	63
600	0	0	2	0	0	0	75
700	0	0	4	0	0	0	88
800	0	0	7	0	0	3	100
900	0	0	10	0	0	12	113
1,000	0	0	12	0	0	39	125
1,100	0	0	15	0	0	69	138
1,200	0	0	18	0	4	96	150
1,300	17	17	20	0	33	125	171
1,400	21	21	23	0	62	156	199
1,500	24	24	26	15	76	188	229
1,600	28	28	29	42	79	222	257
1,700	40	40	31	70	80	257	289
1,800	62	62	34	97	82	292	320
1,900	84	84	37	124	84	328	350
2,000	106	106	39	151	87	365	381

(a) Includes national security and social security taxes.

The combined rates of tax and savings levied in Canada on nearly all incomes up to $2,000 are higher than the pure tax rates payable in the United States. They are at no point as high as the combined tax and compulsory savings rates payable in the United Kingdom, and they are rarely as high as the rates of pure, non-refundable tax levied in Australia and New Zealand.

These are the facts regarding the relative height of our tax rates, and neither they nor the financial requirements of the year offer any support to proposals for tax reduction. Nevertheless, I appreciate that there are among the lower income groups cases of hardship where individual circumstances increase the severity of the deductions from income required under our law. We had this in mind

[Mr. Ilsley.]

when we provided so large a refundable portion in the combined tax and savings levy. We had it in mind in providing that the savings portion need not be paid if the taxpayer was making equal contractual savings voluntarily, and when provision was made for an allowance against unusual medical expenses. In framing the present law, great importance was attached to the large savings portion to be returned with interest after the war. Yet I realize that any large compulsory payments, whether they are refundable or not, will create hardships in the particular circumstances affecting some family budgets. It is the chief virtue of voluntary saving in comparison with compulsory saving that it is more flexible and can be adjusted more readily to fit the particular and changing circumstances of different individuals and families.

Other considerations have also given concern. It has been widely represented that the high rates of deduction for income tax purposes is having an adverse effect on production, particularly as many taxpayers apparently do not make any distinction in their minds between refundable and non-refundable taxes but regard them all as simply taxes. The fact that it is not administratively possible to issue certificates for the refundable portion until a considerable time after the deductions are made contributes to this misunderstanding. At this stage of a long war, there are many causes contributing to absenteeism, unwillingness to work overtime and lack of application on the job. But it is alleged that the high rates of deduction for tax and savings are a contributing factor. I am not in a position to judge fully how far this is true, but I do know that now is the time when the need for greater production is urgent and immediate.

In the period of the war in which we have been building up our income tax and savings law and our collection machinery, we have also been building up a voluntary savings organization, which has achieved a notable record of success. Under the national war finance committee, the organization and stimulation of voluntary savings have been brought to a very high level indeed. The work of the national war finance committee now permeates the whole nation to a degree which had not been attained when compulsory savings were instituted.

In reviewing all the circumstances, I have been impressed with an undesirable feature of our income tax. As I have already indicated, our law moderates the abrupt application of the seven per cent normal tax to incomes slightly in excess of $660 and $1,200 by providing that the total tax, including the savings portion, shall not be more than two-thirds of the amount by which the taxable income exceeds $660 or $1,200. Nevertheless, this is a high rate of levy on each extra dollar earned and though it extends over a limited range of incomes, it is undesirable if it seriously blunts incentive.

In the second place, as I mentioned earlier, we cannot overlook the number of cases of special difficulty and hardship which result from high combined tax and savings rates when the savings rate is as rigid and as compulsory as the tax rate.

I have been forced to the conclusion that it would be a desirable change in our income tax law to discontinue the refundable feature of the income tax leaving as the full rates of taxation, the rates of pure, non-refundable tax as they now stand, and depending on voluntary savings to replace the proceeds of the compulsory saving provision. This step will reduce the total tax deductions from each additional dollar of income earned, by one-half for those in the lower income ranges who, being without contractual savings, had to make the full compulsory savings contribution. It will substitute the flexible instrument of voluntary saving for the more rigid method of compulsory saving. The refundable feature of our income tax law provided simply a method of borrowing and of borrowing for progressively shorter terms as the war goes on. With its provision of allowances for contractual savings, it embodied a principle of fairness which I regret to relinquish. Nevertheless, if this particular method of borrowing, despite its virtues, has the one fault of discouraging production at this critical period of the war, or if by its rigidity it creates hardship among those income groups whose incomes leave little room for adjustment, then another method of borrowing must be found.

It is recommended, therefore, that no further deductions for the refundable or savings portion be made after June 30, 1944. This will mean that for the year 1944 as a whole, the liability for compulsory savings will be reduced by one-half, deductions having been made during the first six months of the year. For 1945, it is recommended that the total tax liability shall be reduced by the amount of the required savings portion applicable to each taxpayer. More simply, the rates and deductions now applicable to those who have full offsets in contractual savings will apply to all taxpayers.

I must repeat and emphasize that this proposal does not imply that the need for saving is less. On the contrary, from every point of view, the need is greater than ever before.

Civilian goods continue to be in relatively short supply; the demands from the war fronts are more imperative; and overall cash requirements are mounting to new high levels. Only the desire to remove a barrier to production, to do away with misunderstandings and to meet legitimate complaints of hardship could have induced me to recommend at this time a step which tests still further the willingness of our people to respond to the appeal for voluntary savings. It is on voluntary savings that the country must rely to replace the $110 to $115 million dollars a year which will be relinquished by the change. If our people understand the need, I am sure that they will answer the call.

The other changes which are proposed in the personal income tax are changes in detail designed to relieve cases of special hardship. I shall state only the principle of each change and defer fuller explanation until the house discusses the resolutions.

To make the medical expenses allowance now provided in the Income War Tax Act more fully and fairly available to those who have the misfortune to encounter unusually heavy medical expenses, it is recommended that medical expenses incurred outside of Canada should be allowed on the same basis as if incurred in Canada.

In recognition of the additional expenses which they incur, it is proposed that persons suffering from blindness, as defined in the Old Age Pensions Act, be permitted an allowance of $480 in the form of a deduction from income. This is to be an alternative and not an addition to the allowance for the wages of a full-time attendant now provided under the medical expenses section of the act.

The dropping of the refundable or savings portion of the income tax will help to alleviate many of the cases where our taxes result in some measure of hardship. There are other recommendations to which I now wish to refer respecting dependents, which are intended to recognize more fully than before the varying circumstances of family responsibility. These I believe will be thoroughly in keeping with the greater emphasis that we shall be placing upon family welfare after the war. With the introduction of family allowances we are taking a great stride forward in improving the position of those with low incomes and family responsibilities. Now with respect to dependent children, it is proposed to authorize the extension of the tax credits now granted in respect of the taxpayer's children to include illegitimate children and other children dependent on the taxpayer. In the registration records covering all children, which are necessary for the administration of family allowances, there will come into existence a dependable basis for administering this extended provision which has not hitherto existed. In respect of dependents other than children, I am recommending that the allowances now given for the support of blood relatives be extended to include relatives by marriage supported by the taxpayer.

Our present provision that when the wife or husband, as the case may be, of a taxpayer has an income from investments in excess of $660, both shall be taxed as single persons, has resulted in very severe penalties. There is no concern over cases in which both the taxpayer and his wife have substantial incomes, but when the wife's income rises a small amount over $660, the husband who is a taxpayer loses the tax credit of $150, becomes liable to the higher rates of normal tax imposed on single persons, and has his refundable portion reduced even though the family income may have increased by only a few dollars. It is proposed to provide a method for avoiding these penalties in the marginal cases by allowing a gift to be made to the crown in the right of Canada and to allow such a gift as a deduction from income. Thus, a husband whose wife has an income exceeding $660 need not be taxed as a single person unless her income exceeds $660 by an amount sufficient to equal the additional tax resulting from the single status.

The present provision, whereby a person paying alimony or comparable payments to a divorced or separated wife or husband, as the case may be, is allowed, as a tax credit, the amount of the tax for which such wife or husband is liable on that income, has worked great hardship in the case of persons with relatively low incomes and making relatively low payments. It is proposed, therefore, to amend the law so that the amount of such payments shall be allowed as a deduction from income.

There are a number of amendments related to the retirement of employees from service and contributions to pension funds. It is proposed to allow those who receive long-service gratuities in a lump sum on retirement from service to spread the sum over five years for tax purposes. Contributions of an employee to an approved pension fund are now allowed as a deduction from income up to $300. It is proposed to allow, additionally, payments up to the same amount into such funds by employees, if required to make up past deficiencies. Contributions to approved trade union pension funds paid in the form of union dues are to be allowed as a deduction

from income, as is now done in the case of other approved pension funds. It is proposed that persons reaching the age of sixty-five shall be entitled to the return of refundable taxes standing to their credit after the end of the year in which they reach sixty-five.

The present period of thirty days allowed for making an appeal against income tax assessment is much too short to be fair to members of the armed forces and I am recommending that for them it be extended to one year, or such longer period as the Minister of National Revenue may allow.

To the various powers to require information, it is proposed to add the power to require anyone accepting deposits to report the interest paid on such deposits.

There are some amendments affecting the status of those who maintain in the words of the act "self-contained domestic establishments" which will require detailed explanations into which I shall not enter now. Other proposed amendments would allow taxes paid to foreign governments to be deducted from the non-refundable portion of our tax rather than the total tax, change the penalty for late filing, and the rate of interest on unpaid tax, and limit the time within which assessments can be reopened, except in case of fraud or misrepresentation, to six years after the first assessment.

There are two special income tax problems to which we have given a great deal of study in the past year and to which I wish now to refer. The first of these is the treatment of annuities and other like payments, such as the various types of pension and retirement plans. I have been strongly urged, both in the public press and by letter, to alter the present basic rule under which life annuities are taxed in the same way as any other form of income. The principle upon which our law is founded is the same as that which underlies the income tax in Britain, where so many of the fundamentals of income tax law were developed. This English law has been thoroughly tested in many appeals to the courts, and affords us a well-established foundation on which to base our act and its application. The essential principle we follow is that a life annuity contains no element of capital repayment which the law should recognize. This general principle was commended by the distinguished royal commission which reexamined the income tax in Great Britain in 1920.

The critics argue, however, that just as we recognize an element of capital repayment in an annuity for a fixed term of years, so we should, by taking into account normal life expectancy, recognize a portion of a life annuity, in any one year, as a return of capital rather than income. Nevertheless, in dealing with the matter there are more than actuarial considerations to be taken into account. Our basic concept of income—the essential distinction between income and capital payments—is involved. Moreover, we must relate the treatment of annuities to the treatment of pensions and retirement plans of various types. We should, in fact, reconcile the treatment under income tax of the various forms of the accumulation and use of savings. This is a complicated task, and there are many conflicting considerations. In this respect, it may be necessary to consider not only the form of the annual payment but also its origin. Furthermore, we should, I believe, have in mind the relation of annuity and pension plans to succession duties as well as to income tax, and not only the position of the individual taxpayer but the broader aspects of public policy. If the wealthy are to convert their capital into annuities and live upon a presumed return of capital tax-free, we shall lose substantial succession duty revenue.

If we should recognize a portion of a life annuity as return of capital, we are faced with many complex questions in our treatment of pension plans. For example, could we with fairness regard partly as capital the pension given in the form of an annuity by a generous employer to an old employee on retirement, while treating entirely as income the wages of another, whose employer is unable or unwilling to retire him in similar circumstances? How should we reconcile the treatment of life annuities with the payments out of pension funds at present entirely free from income tax because the payments by employees into the fund have not been exempt? Would it be fair to continue to allow as a deduction from income the contribution of employees to approved superannuation plans? If we should change this practice, how much return of capital are we to recognize in the resulting superannuation payments? Should we not reconsider then our practice in overlooking, as income of the employee, the contribution made on his behalf to the pension fund by his employer? How can we best achieve fairness in the combination of income tax and succession duties when applied to various types of provision for retirement and family security, including, for instance, various life insurance and endowment plans, periodical payments under wills which may or may not be supported by the corpus of the estate, various types of annuity and superannuation plans, and even the normal accumulation of property or securities? If we continue to adhere to the British principle, where should the line be

drawn in its application to the various combinations of term and life annuities, and between annuities and pension plans? Finally, must we recognize inevitably the wastage of capital in its financial forms and not the wastage of human capital which all must suffer who work for a living?

I mention these difficulties merely to demonstrate that much careful, detailed review of our law is necessary before we embark upon a new course in the basic treatment of annuities and pensions.

The second income tax problem to which I referred is much less common but probably more difficult and incapable of any wholly satisfactory solution. It was briefly discussed last year in the house and I said we would try to work out some form of alleviation for what we recognized to be cases of unfairly heavy taxation. It is created by the combined incidence of income tax and succession duties upon the holdings of deceased persons in private corporations with accumulated surpluses, when these holdings cannot readily be sold to others—as can shares in larger and public corporations—and funds must be obtained through the transfer of the surplus to the taxpayer's estate. I have seen a number of cases where after the payment of income taxes on the lump sum distribution of the surplus the amount left would not be sufficient to pay the succession duties. Since the enactment of our Dominion Succession Duties Act in 1941 and the raising of our income tax to its present heights, this problem has become most acute. In addition to confronting many families with grave difficulties, this problem, it is alleged, may endanger the whole future of private and family businesses, forcing them to consider either selling out to larger companies or the distribution of their shares through the securities markets, thus sacrificing the advantages of personal management by the proprietors—one of the sound and well-recognized virtues of small businesses. My colleague, the Minister of National Revenue, and I have looked into dozens of cases of this kind and tried out quite a number of formulae designed to avoid the inequity arising from this combination of taxes without creating unfairness either to the taxpayers or the crown. We have not yet succeeded in finding a satisfactory plan for dealing with these hard cases. We believe that with further study, a plan can be devised that will afford a measure of justice, relieving at least those cases where the present laws would leave little, if anything, for the family of the chief shareholder in a private company, while the estate of an equally wealthy man owning more readily marketable shares in a large, well-known corporation would pay only the fair rate of tax which parliament and the provincial legislatures intended. When a solution is achieved, I would recommend that it should be applied in respect of those cases now pending.

In the hope of securing the best and soundest solutions of these two difficult problems, I am proposing to make use of the procedure which has frequently been found of value in dealing with particularly difficult tax problems in Great Britain, and therefore to recommend the appointment of a special commission to inquire into these problems in detail, to examine the various types of cases involved, to hear evidence if necessary, and to make recommendations for their solution. As a consequence, I am expecting that in next year's budget, answers to these difficult basic problems of our income tax can be proposed which will not only appear as reasonable and practical under war conditions, but which may be expected to stand the test of time as well.

EXCESS PROFITS TAX AND CORPORATE INCOME TAX

Business profits are taxed under the Excess Profits Tax Act and corporate profits are taxed additionally under the Income War Tax Act. Profits withdrawn from business are again taxed as personal income. As a result of this overlapping of taxes, high wartime rates, and the strict definition of income, our tax treatment of business profits is severe. I imagine that most members of the house are unaware of the great extent to which our taxation of business profits as such is more severe than that of either the United Kingdom or the United States. I have always taken and still maintain the view that our policy in this regard is right and proper in war time. I have no amendments to propose which will in anything but a minor way affect our current revenue from taxes on business profits.

One of the great dangers in imposing high rates of tax on business profits is that of inadvertently going beyond the taxation of profits and making inroads on capital or to put it another way that the taxes collected shall turn out to bear a much higher rate to the ultimately realized income than was contemplated in the law. The danger has its origin in the fact that business taxes are imposed on a yearly accounting basis whereas only a period of years, taking the good with the bad, will reveal the true earnings of an enterprise. Our present law makes some allowance for this, but, generally, we tax the yearly profits at very high rates and disregard

the losses. We cannot shut our eyes to the fact that with the change from war to peace many firms may encounter temporary losses and under our present practice, taxes paid over the whole period of war and readjustment may bear considerably higher rates to the full realized income than those prescribed in the law. I am particularly concerned lest for this reason, when the time comes to replace war industries with peace industries, business enterprises should be handicapped in making the necessary changes or should be hesitant rather than prompt in action.

I am proposing, therefore, for the purposes of the corporation income tax and the excess profits tax, that business firms shall be allowed to charge their losses in any one year back to the profits, if any, in the preceding year and forward to the profits, if any, of the succeeding three years. This will permit a firm to charge losses which it may encounter in the first post-war year against the profits of the last war year. It will give such a firm the further assurance that losses which it incurs in the period of converting and expanding its business may be made a first charge on the profits of the succeeding three years when it may hope to be reaping some of the results of its enterprise.

This recommendation will bring our taxation of business profits nearer to the principle of taxing only what is actually realized in income over a period of years and should be of substantial assistance to business enterprise in the post-war years.

Another point, at which our taxes on business income have gone beyond the taxation of true income, is in the matter of expense for maintenance and repairs. These, of course, are a normal expense of doing business. For the past two years, in certain industries at least, it has been impossible, by reason of shortages of materials and labour and the necessity of continuous operations, to carry out the maintenance and repair work that would be normal and necessary to prevent the deterioration of plant and equipment. As a result, deferred maintenance expense is accumulating, and, in the meantime, profits are inflated because full maintenance is not charged. We have tried in the past to find some equitable formula for permitting the setting up of a maintenance reserve, but it is extremely difficult to devise one which will fit the varying circumstances of all industry.

We are now recommending a provision for the future which I hope will meet the problem in at least a partial way, and will speed up the work of plant repair in a period when additional employment may be needed. The proposal is that one-half the expenditure on maintenance and repairs, incurred in a period to be fixed by the governor in council, may be charged against the income of a previous fiscal period but not farther back than the fiscal periods ending in 1943. In the case of the mining industry, maintenance and repairs will be held to include also underground development work.

I have also some important recommendations which should facilitate the expansion of industry after the war. All will agree that Canadian industry must expand its research and technical development if we are to apply the most advanced technical knowledge to our resources, and maintain our competitive position. By all means, let us borrow whatever is best from other countries, but what we can borrow is not always what we need. The present tax treatment of expenditures for research is somewhat less than generous, and has some arbitrary results. Two classes of expenditure for research are not allowed as an expense of doing business: capital expenditures such as for laboratories, pilot plants, et cetera, and current expenses for research which are not directly related to the firm's immediate production activities. It is recommended that these limitations be removed and that all expenditures on research of a current nature be allowed in the year of expenditure and that research expenditures of a capital nature be written off as an expense over a period of three years.

There is a practical problem of the very greatest significance to which consideration has been given. Our drastic Excess Profits Tax Act is entirely a war-time measure. It has been appropriate to a war economy, but, in my opinion, it would be highly inappropriate as normal peace-time legislation. On the other hand, it would be a great mistake to repeal the measure until the conditions, which it was designed to meet, have disappeared. We do not know when the end of the war will come. Whether it comes soon or late, we do not know how closely the need for industrial and commercial conversion and expansion will coincide with the end of the war. What we do know is that at some time on fairly short notice it is going to be necessary to say to business, now is the time to put into effect your post-war plans. It is quite clear to everyone that present rates of taxation are, as they are intended to be, very discouraging to new enterprise, other than necessary war enterprise, and that the prudent course of a business man would be to delay his new ventures until the new level of taxation had been established. On the other hand, it is impossible and improper for a Minister of Finance to announce what will be recommended to parliament in future budgets.

I am making a recommendation which I think offers a practical way out of this dilemma, maintaining our present revenues and conforming to the principle of restricting taxation, as nearly as possible, to taxation of income. It is that we provide that, in respect of bona fide new investment in depreciable assets carried out after a date to be designated by the governor in council, the taxpayer should be allowed rates of depreciation which may vary at the option of the taxpayer between maximum rates double the present ordinary rates and minimum rates which will be one-half the ordinary rates.

The significance of this proposal is twofold: first, it will allow the taxpayer to recover a part of his capital whenever earnings are good but will still leave all the income or profit, actually realized from the venture over its whole life, subject to taxation; second, it will allow him, in respect of such new investment carried out at a time when the government has declared the conversion and expansion of industry to be desirable, to transfer some of his income from a period when war-time tax rates may still be in effect to a later period when he may expect normal taxation to be lower. To this extent, it will relieve such investment for post-war purposes from such war-time taxation of business profits as may still be in effect at the time the work of conversion or expansion is carried out. It should be borne in mind that the taxpayer can write off no more than the full value of his new investment and to the extent that he reduces his taxable income in the early years he will increase it in the later years. There is nothing in the proposal which allows income to escape taxation.

There is a further recommendation to facilitate the plans of private industry for post-war expansion. It is desirable that, when the time comes to encourage such expansion, business firms shall be able to use the post-war refunds due to them under the Excess Profits Tax Act. On the other hand, although some firms may need them before others, it does not seem desirable that the government should make refunds available on a selective basis. It is, therefore, recommended that the act be amended to permit the assignment by way of security of the refundable portion in cases in which the governor in council is satisfied that the funds so obtained will be used in capital expenditures in preparation for post-war business giving desired employment.

The other recommendations which it is proposed to make on business taxation concern the detailed provisions of the act, and I shall try to explain only two or three of them.

[Mr. Ilsley.]

The first affects new businesses under the Excess Profits Tax Act. At present, a company starting a new business enterprise cannot know in advance of the beginning of operations what standard profit will be subsequently awarded by the board of referees. This uncertainty makes it difficult for a company to proceed with its plans. The amendment which I am recommending will provide that for the first fiscal period of a bona fide new business, taxes shall be levied at the flat rates which, in the ordinary case of corporations, will be forty per cent. This will give certainly to the tax position of the company for its first year. Thereafter, taxes will be levied in accordance with whatever standard profit is awarded.

Since the beginning of the excess profits tax in 1940, many businesses have substantially increased the volume of capital employed through ploughing back earnings. This has enabled them to expand productive facilities to meet the needs of war production. Unless a company has made an equivalent issue of capital stock, annual increases in the capital employed have not been taken as justification for any increase in the standard profits of the business, even though as a result of this reinvestment of earnings the business is substantially larger than it was in the standard period. It is now proposed, after four and one-half years of the operation of the Excess Profits Tax Act, to allow one adjustment upward in standard profits. The allowable adjustment upward will be an amount equal to five per cent of the increase in capital employed since the coming into force of the act where, under other provisions, no adjustment has been allowed in respect of new capital used in the business.

Those familiar with the technical features of our corporation income tax are aware that at present dividends paid from one Canadian company, whose earnings have been taxed, to another Canadian company are not taxable income in the hands of the receiving company. Furthermore, under certain conditions dividends from a wholly-owned subsidiary operating outside Canada are not taxable in the hands of the recipient Canadian company. In view of the fact that the profits of Canadian subsidiaries earned abroad will have already borne tax abroad at rates comparable to our own, it is now proposed that these dividends shall not again be taxable in the hands of the Canadian company receiving them. They are, of course, taxable when distributed by the Canadian company to its shareholders.

During recent months we have been urged to introduce a number of drastic changes in the tax structure as it affects the mining and oil producing industries. These industries are

very properly considering their post-war position and the contribution which they can make to the solution of post-war problems. Needless to say, the government has very much in mind the need of a comprehensive and many-sided programme to encourage the efficient development of our natural resources and to assure that these industries will make the maximum contribution to the expansion of employment, national income and national wealth after the war. Natural resources, of course, are for the most part in the hands of the provinces, but the dominion, it is believed, can do much to promote full development and wise conservation. Tax policy may be one of the devices which it may appropriately use to these ends but it will be by no means the only one. The dominion's programme should be part of an integrated programme worked out in cooperation with the provinces. At the forthcoming dominion-provincial conference, this programme, it is proposed, should be discussed with provincial governments and agreement reached as to the contribution to be made by the respective levels of government.

For these reasons I believe that any radical changes in tax policy of special application only to the mining and oil companies would be premature at this time. The Excess Profits Tax Act already includes a special formula for the taxation of oil wells and gold mines. New companies in the metalliferous mining field enjoy a three-year exemption from excess profits tax. In last year's budget we made a number of important concessions to encourage exploration and drilling for oil and also made it possible for mining companies to write off exploration and prospecting expenses incurred in prospecting anywhere in Canada for base metals or strategic minerals. With this measure of encouragement the oil and mineral industries have been able to make a very important contribution to the country's war effort. They have also been willing to bear their full share of the burden of financing the war and they well recognize, I believe, that the need for war revenue continues at least as great and as urgent as ever. The changes I have announced in respect of income and excess profits taxation and the indications I have given in regard to future tax policy will apply to these industries as well as to other industrial enterprises and I hope that it may be possible to announce at the next session of parliament the comprehensive and integrated programme for the development and conservation of natural resources to which I have already referred.

While changes of a general nature in this field cannot be announced at this time, there is one situation which I believe calls for some immediate attention. My colleague, the Minister of Munitions and Supply, has recently reported to this house the serious situation in regard to supplies of oil. It is, I think, in the national interest that some additional encouragement be offered to the Canadian oil industry to undertake the drilling of several deep test wells in certain areas with a view to proving up significant, geological structures. The budget resolutions therefore include a recommendation to provide a tax credit of fifty per cent of the cost of any well drilled in the selected areas and spudded in between June 26, 1944, and March 31, 1945, if such well proves to be unproductive. This tax credit will be allowed only with respect to projects recommended by the Minister of Mines and Resources and approved by the governor in council.

With regard to the encouragement of prospecting for base metals or strategic minerals, it is proposed to extend for a further year the provision whereby a tax credit has been given in respect of contributions to prospecting syndicates.

TRADE AND TARIFF POLICY

For the present, the customs tariff is without any great influence on the scope or direction of external trade. Scarcity of supplies, agreed allocations, bulk purchasing, import and export permits, and import subsidies—these are the instruments which determine, for the time being, the extent and pattern of world trade. Changes in the customs tariff would here and now have little, if any, effect on the supply or cost of goods. The government continues, however, to have the most lively appreciation of the importance to this country, and, indeed, to all other trading countries, of entering a post-war world which has been freed or is assuredly being freed not only from the extraordinary wartime restrictions on trade, but also from the high tariffs, quotas, import licensing, and other restrictive and discriminatory trade practices which so paralyzed and dwarfed world trade in the inter-war years. As the time approaches when we and other countries must convert our productive resources to the purposes of peaceful prosperity, it becomes increasingly important that we should be able, in agreement with others, to set out the broad pattern of post-war trade policy, so that producers may know toward what markets they may orient their post-war plans.

The government's policy was clearly set out in the budget speech of last year and it may be appropriate to quote from that

speech. After a reference to the obligations the government had assumed to enter into conversations with other countries on international economic policies, the following words were used:

> Committed to these objects and having in mind particularly the vital concern of this country in access to the selling and buying markets of the world, the government is prepared to discuss with the government of the United States, the government of the United Kingdom, or the governments of other countries with which we trade, reciprocal trade arrangements wider in scope and longer in duration than have hitherto been made, provided always that the advantages of such arrangements shall be open to other countries willing to adhere to the same terms.
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> We believe that questions of post-war commercial policy must be tackled broadly and boldly; we believe that world trade must have a more liberal and dependable charter than it has had in the past two decades; and that countries, such as Canada, for which world trade is the very blood stream, should be prepared, not merely to accept desirable arrangements but to take the initiative in working out a plan mutually of benefit to ourselves and to other countries. We believe that countries, which have had long experience of friendly relations should associate themselves with that initiative and furnish to others examples of concrete accomplishment in the distribution of the world's products for the mutual welfare of all people.

On several occasions in the fifteen months which have elapsed since the budget of 1943 was presented, our officials have had exploratory and noncommittal conversations with officials of other countries on a wide range of economic matters, including, among others, monetary arrangements, international lending, the control of cartels and monopolies, international cooperation in promoting high levels of employment, and commercial policy. We have pressed forward studies of our own on these matters both with a view to contributing to these international discussions and to lay the basis for domestic measures in these fields. As has already been made public, the most progress in the international discussions was made in the field of monetary arrangements where agreement was reached among experts on the establishment of an international monetary fund. While equal progress was not made in the much more complex field of commercial policy, our officials pressed vigorously the need for a bold initiative in the orderly and agreed unshackling of world trade, if the ideals of economic expansion, higher incomes, full employment, adequate nutrition and the progressive abolition of poverty are to become realities. Considerable progress has been made in the definition and solution of the technical problems involved, and we shall continue to press at the appropriate time for the rapid development of a broad programme.

It is not, therefore, our intention to present at this time proposals for comprehensive alterations in our tariff structure. Such alterations would have no great immediate effect, and it is desirable that, if possible, we should make them in conformity with reciprocal arrangements made by other countries.

However, the government desires to give concrete evidence of the direction which it is endeavouring to follow in the formulation of post-war commercial policy. It desires also to give to agriculture assurance in respect of some of the conditions under which it may expect to operate after the war, just as it has tried to give to industry some assurance in the field of taxation policy.

Canadian agriculture will be faced with important opportunities in the post-war period and if it is to take full advantage of them, its costs of production should be at the lowest practicable level. Recognition of this fact was given by the farm improvement loans bill and several important provisions of the bill for the extension of the bank charters now under consideration by the banking and commerce committee. These measures have as one of their most important objectives the provision of credit facilities to farmers which will enable them to purchase agricultural implements at the lowest cost on a cash basis. With the same end in view, the government believes it appropriate to provide at once and without waiting for the completion of reciprocal arrrangements with other countries for the removal of all customs duties on agricultural implements. It is therefore recommended that agricultural machinery, including cream separators, and parts thereof, be made free under all tariffs. While it is impracticable from a revenue standpoint to remove the war exchange tax on the general range of commodities, the war exchange tax on agricultural machinery and cream separators and parts thereof is being removed along with the customs duties.

The removal of the customs duties and war exchange tax on farm implements will not increase the supply of such implements coming from the United States because they are subject to restricted allocations. The wartime prices and trade board will however amend its order setting ceiling prices on imported farm implements and repair parts in such a way as to give effect to any decreases in the laid-down cost to importers which will result from the action taken.

There are a number of other changes in the tariff but they are changes of detail made to remove anomalies and reduce administrative difficulties. They need not be explained until the resolutions are before the house.

THE WAR EXCHANGE CONSERVATION ACT

An important amendment to the War Exchange Conservation Act is proposed. The house will recall that this act was passed in December, 1940, as one of the means taken to reduce the demand for United States dollars at a time when our payments in that currency were running far in excess of our receipts. It was estimated at the time that the restrictions of imports then enacted would save $5 million to $6 million a month in badly-needed foreign exchange.

By that measure, a long list of articles enumerated in schedule I was prohibited entry into Canada, if imported from any country other than the sterling area and Newfoundland, except under permit granted by the Minister of National Revenue. It was understood that for the items under part I of the schedule no permits would be granted, while for those in part II permits would be granted on a restricted and declining scale.

Schedule II of the act contained an extensive list of items on which customs duties were reduced for imports entering Canada from the United Kingdom. Since 1940, there have been amendments to this part of the act extending the list and further reducing the duties. Duties on imports from the United Kingdom have in all cases, except liquors, tobaccos, sugar and silks, been reduced by at least 25 per cent, in the great majority of items by at least 50 per cent, and, on a great many, been removed altogether.

The house will realize that the discriminatory prohibitions of imports contained in the War Exchange Conservation Act would not in normal circumstances be compatible with our trade agreement with the United States and in taking the reluctant step of recommending the measure to parliament, the government evoked the war clause of that agreement. It was made very clear to our own people also that the measure was an emergency measure, and would not be maintained for protective reasons. In introducing the resolutions on December 2, 1940, I emphasized that it was "not for the purpose of assisting any producers or any industry . . . but to protect our exchange position."

As I explained to the house in my statement of April 21 of this year, our position in respect of foreign exchange has greatly improved, and the government is of the view that we are no longer justified in maintaining these severe restrictions of imports from the United States. We do not wish to deprive our own people of any supplies which may be procurable nor do we wish to retain these emergency prohibitions after the emergency is past. We wish further to make perfectly clear that this type of emergency trade regulation has no place in our normal trade policy.

It is recommended, therefore, that schedule I of the War Exchange Conservation Act and the relevant clauses be repealed.

There are some further explanations which I should add. It must not be assumed that there will forthwith flow into this country a flood of imports. Because of the scarcity of supplies in the United States, many of these prohibitions have been quite nominal in effect. Further, it is not proposed to extend import subsidies to luxury goods, and it will not be profitable in many lines to buy at United States prices and sell at the Canadian ceilings.

The house should understand also that import permits are required in many cases under other authority than that of the War Exchange Conservation Act. For purposes of allocating shipping space, to assist in the equitable allocation of short supplies among our own industries, and under arrangements made by the various combined boards, orders in council under the War Measures Act have imposed the requirement of import permits either for overseas imports or for imports from all sources. In some degree, these controls have been built around the War Exchange Conservation Act. It will, therefore, be necessary to determine what, if any, extensions of these orders in council are required by the amendments being proposed to that act. It may be that in some cases it will be necessary to supplement somewhat our import controls because of the amendments now proposed. Any such supplementary measures will, however, not discriminate against countries outside the sterling area. In order that there may be time to examine the effect of the withdrawal of schedule I from this act, on our whole system of import controls and make any necessary adjustments in it, I am recommending that this amendment should be effective as from August 1 of this year.

The changes proposed in the Succession Duty Act this year are quite minor in character. The details will be found in the resolutions which will be tabled. Similarly, the changes in the Sales Tax and in the taxes levied under the Special War Revenue Act are neither sufficiently numerous nor important enough to require explanation here.

CONCLUSION

This completes the changes in legislation which we are recommending. None of these changes will affect current tax revenues to any significant degree, although the dropping of compulsory savings will mean a loss in non-tax receipts estimated at $70 million for this fiscal year and $110 million for a full year.

To recapitulate the financial outlook for this year, taking account of the changes which are being recommended, we must start with the statement that our total cash requirements are likely to be $6,000 million or more, that is, about $200 million more than last year. Our revenues will probably be about $50 million lower than last year, and we are giving up receipts of about $70 million from compulsory savings. Our borrowing requirements will, therefore, be some $320 million more than in 1943-44 or more than $3,200 million.

To meet these requirements, having discontinued compulsory saving for individuals, we must turn to voluntary saving and to the national war finance committee, on whom the government depends for mobilizing the voluntary savings of the country and for whom this year I bespeak the active assistance of every member of this house and every Canadian citizen.

Throughout this speech, I have laid emphasis on the importance of the savings programme to Canada's war effort, on its importance to the continued success of our efforts to hold down the cost of living, and on its relationship to the preservation of an orderly economy. Everybody who has participated, in any way, in the work of the national war finance committee can take great pride in its past achievements, and in the valuable patriotic work they are doing for their country. These men and women command our respect and our thanks.

The work of the national war finance committee is an integral part of our economic life, and it will continue to occupy this important status for some time to come. The need for large scale public borrowing operations is very great this year, and will continue as long as the war goes on, and, in my opinion, will extend into the period of reconstruction which will follow the termination of hostilities. I hope and believe that the men and women who have brought our wartime savings programme to its present stature—the men and women who have the experience and the knowledge necessary to the successful organization of these huge public loans—will continue to perform this patriotic work for the balance of the war period and after the war until the time when the need for this type of borrowing will have passed. This whole speech has made clear that the need for large public loans is greater than ever. There can be no slackening in the support of the activities of the national war finance committee. On behalf of the government, and of the people of Canada, I urge all those now associated with the national war finance organization to continue the good work they have done thus far. The need for this form of national service is not drawing to a close. The need for determined, persistent effort, for undiminished vigour, and for imaginative planning will be particularly important this year, and must continue for some time to come.

Looking to the current fiscal year ending March 31, 1945, I would request the national war finance organization throughout Canada, firstly, to continue their efforts to encourage the maximum volume of personal savings by the Canadian people; secondly, to promote, by every possible means, the retention of bonds and certificates now owned by Canadians; thirdly, to organize and conduct another victory loan in the fall of 1944, with greater emphasis than ever on the sale of bonds to individuals; and, fourthly, to promote continuously the sale of war savings certificates and stamps.

They have already carried out a part of the borrowing programme for 1944-45 with conspicuous success in the sixth victory loan. Full report on that loan will be made to the house but I would point to a notable achievement, the record of cash sales to individuals of $644 million.

Let me explain why we attach so much importance to increasing the sales of bonds and certificates to individuals. We must borrow some $320 million more than last year. This additional amount we must borrow mainly from individuals. The real investing ability of business firms and corporations, apart from such as the insurance companies which act as intermediaries in mobilizing personal savings, will not exceed during the current fiscal year the amount of bond purchases which they made in the year ended March 31, 1944. We cannot hope to increase our sales in that quarter.

We have not avoided borrowing from the Bank of Canada and the chartered banks in the past, but we wish to keep it to an absolute minimum. Borrowing from the banking sys-

tem has its place when it is desirable to expand credit and increase purchasing power. But when as now, purchasing power in the hands of the public is far in excess of what is needed to buy what is available for sale, and is an ever present danger to the price ceiling and the orderly distribution of goods and services, borrowing from the banking system is to be avoided as much as possible.

It is on an increase in personal savings and on the work of the war finance organization in mobilizing those savings that we must rely. Borrowing the personal savings of individuals for the temporary use of the nation at war is the only type of borrowing which will relieve rather than increase the inflationary pressures which are continuously at work. The trend of personal incomes is still upward, and, despite taxation, the excess of personal disposable income over the cost of necessary wartime living standards is greater than ever before.

If anyone thinks we Canadians at home are being asked to do too much, let him make some comparisons. Let him compare the small privations and the limited self-denial that we at home have endured up to now with the hardships and difficulties which are being endured by our armed forces on world battlefronts. Let him consider the standard of complete, selfless devotion to the common cause shown by our men who are serving in the navy, the army, and the air force. As long as this war goes on, as long as Canadian lives are at stake, we here must not let down in any phase of our war effort. The burden of our responsibility is heavy indeed—but given the will to succeed, we have the strength to carry it.

We are told that victory in Europe may come soon, that victory in the Pacific may not be long postponed. I do not know. I do know that we are well on the road to victory. I do know also that now, when victory is within our grasp, is no time to falter. The fruits of victory will go to those countries which can hold steady on the threshhold of success, and whose people can, in mutual trust, work together for peace and a better world as they have worked together for victory. To finish this war in triumph, not only in the field, but in our production and financial programmes at home, will carry us far toward the realities of better things after the war.

RESOLUTIONS

Mr. ILSLEY: Mr. Speaker, I desire to give notice that when we are in committee of ways and means I shall move the following resolutions:

INCOME WAR TAX ACT

Resolved, that it is expedient to amend the Income War Tax Act and to provide:

1. That for 1944 the total tax on individuals be reduced by one-half the amount of the refundable portion thereof, less one-half credits for savings, and that for 1945 the total tax on individuals be reduced by the full amount of the refundable portion thereof, less credits for savings.

2. That dependents as referred to in the said act be extended to include parents-in-law, grandparents-in-law, brothers-in-law, sisters-in-law, sons-in-law and daughters-in-law in the same circumstances and subject to the same conditions as parents, grandparents, brothers, sisters, sons and daughters respectively.

3. That the provision under which a tax credit is allowed in respect of a child of the taxpayer be extended to include an allowance in respect of any person under eighteen years of age and dependent upon the taxpayer for support, including an illegitimate child.

4. That the allowance in respect of unusual medical expenses be extended to include such expenses incurred outside of Canada.

5. That the deduction in respect of unusual medical expenses be extended to allow as a deduction in any taxation year such expenses actually paid in any twelve-month period ending in the taxation year.

6. That in lieu of the deduction in respect of unusual medical expenses of the amount of salary or wages paid to a full-time attendant upon a taxpayer who is totally blind, the taxpayer shall have the option of deducting $480 from his income in the taxation year.

7. That the basis for taxation under the normal tax and the tax credit against the graduated tax allowed to an unmarried person who maintains a self-contained domestic establishment and actually supports therein a person wholly dependent upon him and connected with him by blood relationship, marriage or adoption, be extended to a married person separated from the spouse.

8. That, if a taxpayer maintains one of his children in a self-contained domestic establishment in which he employs a full-time housekeeper or servant, the tax credits of $80 against the graduated tax and $28 against the normal tax be allowed to him in respect of the child notwithstanding that he is entitled to the tax credit of $150 against the graduated tax in respect of that child.

9. That the basis of taxation under the normal tax and the tax credit against the graduated tax for a married person be limited to a married person who supports the spouse.

10. That individuals may reduce income for taxation purposes by the amount of gifts made in money to His Majesty in right of Canada if such gifts are made within the year when the income was received or within four months from the end thereof.

11. That payment by an employer to an employee upon retirement, other than a payment out of a superannuation or pension fund or plan, if the Minister of National Revenue is satisfied that such payment is in recognition of long service, be deemed to be income of the retired employee over a period of five years rather than income in the year when received.

12. That an employee be allowed to deduct from income the amount, not exceeding three hundred dollars per year, paid by him to an employees' superannuation or pension fund or plan approved by the minister with respect to service rendered previous to the taxation year when he was not a contributor to the fund or plan.

13. That a member of a trade union be allowed to deduct from income the amount, not exceeding three hundred dollars per year, paid by him in the form of union dues to a superannuation or pension fund or plan approved by the minister.

14. That the refundable portion of tax in respect of which a taxpayer is entitled to repayment be refunded to a taxpayer when he reaches the age of sixty-five years in the case of a taxpayer whose income is less than five thousand dollars.

15. That, in respect of the taxation year 1939 and subsequent years, the time for serving a notice of appeal upon the Minister of National Revenue, in the case of members of the armed forces overseas, be extended to one year after the date of mailing of the notice of assessment or for such further period as the minister may allow.

16. That any amount paid pursuant to a decree, order or judgment made in an action or proceeding for divorce or judicial separation, or pursuant to a separation agreement, as alimony or other allowance for the maintenance of the recipient thereof or of children of the marriage, be allowed as a deduction from income of the payor and that he be not entitled to tax credits in respect of the wife or children to whom or on whose behalf the payments are made, and that the present provision whereby he is entitled to deduct from tax the tax paid by his spouse or former spouse on the amount so paid as alimony or other allowance be repealed.

17. That exemption from taxation be granted to any limited-dividend housing corporation organized to construct, hold and manage houses built as a low-rental housing project and subject to conditions as to limitation of dividends set out in or pursuant to the National Housing Act, 1938, or any subsequent act of the parliament of Canada designed to encourage the building of houses or the providing of adequate housing accommodation at low rentals.

18. That with respect to returns filed in 1944 and subsequent years the penalty for failure to file a return be reduced to a penalty of five per cent of the amount of the tax unpaid at the date when the return was due with a minimum penalty of $5 and a maximum penalty of $500.

19. That the deduction in respect of tax paid to Great Britain or any of its self-governing dominions or dependencies or any foreign country for income tax in respect of income derived from sources therein, be made from the tax other than the refundable portion.

20. That the right of the minister to reassess or make additional assessments in respect of any tax year be limited to a period of six years from the date of the original assessment, except where the taxpayer has made any misrepresentation or committed any fraud in making his return or supplying information under the act.

21. That the interest payable on taxes not paid when due be reduced from five per centum to four per centum.

22. That losses sustained in 1944 and fiscal periods ending therein and all subsequent periods by any person carrying on a business may be deducted from profits derived from the business either in the year immediately preceding or in the three years immediately succeeding the taxation year.

23. That expenditures in respect of scientific research directly or indirectly related to the taxpayer's business, whether of a current or capital nature, be allowed as a deductible expense, in the case of expenditures of a current nature, in the year when the expenditures are made and, in the case of expenditures of a capital nature, over a three year period commencing with the year of expenditure.

24. That the minister may allow depreciation at double the rates normally allowed in respect of bona fide new investments made after a date to be declared by the governor in council; and, in such event, the taxpayer will be required to charge in any subsequent year at least one-half the rates normally allowed: Provided, however, in the case of a sale of assets in respect of which special depreciation has been so allowed, the Minister may revise the assessments of the vendor for the years when the special depreciation was allowed, by disallowing as a deduction a *pro rata* portion of the special depreciation allowed, to the extent of the excess of the selling price over the depreciated cost of the said assets, less the amount of the depreciation normally allowed on the said assets, and less the excess, if any, of the selling price over the undepreciated cost of the said assets: Provided further that the portion of any loss attributable to the allowance of special depreciation shall not constitute a loss for purposes of resolution number twenty-two.

25. That the provision permitting a taxpayer to deduct from tax the amount paid to any foreign country for income tax in respect of the income of the taxpayer from sources therein, be amended by deleting the requirement that such foreign country in imposing tax allow a similar credit to persons in respect of income thereof from sources within Canada.

26. That the provision whereby a special payment by an employer to make up a deficiency in an employees' superannuation or pension fund or plan may be deducted from income over a ten-year period be amended to permit annual payments of one-tenth, or less, of such deficiency to be deducted from income in the year of payment.

27. That dividends paid by a wholly-owned subsidiary non-resident company to a Canadian parent company be exempt from tax when received by such parent company.

28. That persons authorized by law to accept deposits be required to file information returns showing interest credited to depositors in 1944 and subsequent years.

29. That with the approval of the governor in council upon the recommendation of the Minister of Mines and Resources there be allowed a tax credit of fifty per centum of expenditures incurred by a corporation, association or syndicate or exploration partnership whose principal business is the production, refining or marketing of petroleum or the exploration or drilling for oil, on a well spudded in between June 26, 1944, and March 31, 1945, which proves to be unproductive, provided that such well is a deep-test well the drilling of which is deemed desirable in the interest of extending the petroleum resources of Canada and which could not reasonably have been expected to be undertaken without such tax credit.

30. That the tax credit allowed to a taxpayer of forty per centum of contributions made by him in the year 1943 to associations, syndicates or mining partnerships organized for the purpose of prospecting in Canada for base metals or strategic minerals be extended to include a tax credit in respect of contributions in the year 1944.

31. That one-half of expenditures on maintenance and repairs incurred by any taxpayer carrying on a business (or on underground development, in the case of a taxpayer operating a mine) in a period to be fixed by order in council be regarded as deferred maintenance and repairs and be deductible as an expense, at the option of the taxpayer, either in the year or fiscal periods when incurred or in years or fiscal periods ending subsequent to December 31, 1942.

32. That the provision allowing deductions by a corporation from income of amounts paid by way of donations to charitable organizations in Canada be amended to provide that the amount of the donations made in excess of the average of the taxpayer's donations in the last two fiscal periods ending before July 1, 1942, shall be allowed as a deduction for purposes of the Income War Tax Act and the Excess Profits Tax Act, 1940, only to the extent that the total taxes payable by the taxpayer under the said acts are thereby diminished by forty per centum of the said excess, unless made before February 1, 1944, and paid or evidenced in writing before the said date or evidenced by a payment before the said date which is one of a series of payments to be made thereafter and accompanied by proper evidence of the undertaking.

33. (a) That any enactment founded on resolutions 20 and 29 be brought into force on enactment; and

(b) That any enactments founded on resolutions 1 to 19 inclusive, resolutions 21 to 28 inclusive and resolutions 30 to 32 inclusive be applicable, unless otherwise stated, to the income of the 1944 taxation period and fiscal periods ending therein and all subsequent periods.

EXCESS PROFITS TAX ACT

Resolved, that it is expedient to amend the Excess Profits Tax Act, 1940, and to provide:

1. That expenditures in respect of scientific research directly or indirectly related to the taxpayer's business, whether of a current or capital nature, be allowed as a deductible expense, in the case of expenditures of a current nature, in the year when the expenditures are made and, in the case of expenditures of a capital nature, over a three-year period commencing with the year of expenditure.

2. That in the computation of capital employed for the taxation year and subsequent periods the requirement to reduce capital by one-half of the dividends paid in cash during any taxation year be altered to provide that such reduction shall be made only to the extent that earned surplus at the end of the taxation year is less than earned surplus at the beginning of the year.

3. That the refundable portion in respect of which a taxpayer is entitled to repayment may in case of bankruptcy, liquidation, winding-up or dissolution, be repaid in accordance with regulations made by the governor in council.

4. That the refundable portion in respect of which a taxpayer is entitled to repayment may be assigned by way of security in cases where the governor in council is satisfied that the purpose of the assignment is to enable the taxpayer to make capital expenditures that will contribute to the post-war conversion of the taxpayer's business and will provide substantial employment.

5. That the rate of tax provided in the second part of the second schedule to the Excess Profits Tax Act, 1940, be inapplicable in respect of the first fiscal period of taxpayers who, in the opinion of the minister, commence business after the twenty-sixth day of June, 1944.

6. That a taxpayer, whose income in the taxation period is, in the opinion of the minister, derived from the carrying on of a business substantially different from the class of business carried on by such taxpayer in the standard period, be required to have its standard profits ascertained by the board of referees as if they had not commenced business before the second day of January, 1939.

7. That the provision permitting a taxpayer to deduct from tax the amount paid to any foreign country for income tax in respect of the income of the taxpayer from sources therein, be amended by deleting the requirement that such foreign country in imposing tax allow a similar credit to persons in respect of income thereof from sources within Canada.

8. That the standard profits be adjusted upwards to the extent of five per centum of the increase of the capital employed at the commencement of the 1944 taxation period over the capital employed—

(a) at the commencement of the 1939 taxation period; or

(b) at the commencement of the first fiscal period after 1939 in respect of the taxation of the profits of which the board of referees have determined a standard profit:

Provided that such increase in capital employed shall be reduced by the amount of any increase in capital employed accompanied by an equivalent increase in capital stock on which an adjustment of seven and one-half per centum has been made to the standard profits as already provided in the act.

9. That companies which elect or have elected since January 1, 1940, under the Income War Tax Act to file consolidated returns be not

permitted to file such returns under the Excess Profits Tax Act in respect of fiscal periods ending on or after January 1, 1944.

10. That the provision allowing deductions by an unincorporated taxpayer from income of amounts paid by way of donations to charitable organizations in Canada be amended to provide that the amount of the donations made after January 31, 1944, by a taxpayer carrying on business, in excess of the average of the taxpayer's donations in the last two fiscal periods ending before July 1, 1942, shall be allowed as a deduction for purposes of the Excess Profits Tax Act, 1940, only to the extent that the tax payable by the taxpayer under the said act is thereby diminished by fifteen per centum of the said excess, unless made before February 1, 1944, and paid or evidenced in writing before the said date or evidenced by a payment before the said date which is one of a series of payments to be made thereafter and accompanied by proper evidence of the undertaking.

11. That any enactments founded on—

(a) Resolutions 3, 4, 5, 8, 9 and 10 come into force on enactment; and

(b) Resolutions 1, 2, 6 and 7 be applicable to the income of 1944 taxation period and fiscal periods ending therein and all subsequent periods.

DOMINION SUCCESSION DUTY ACT

Resolved, that it is expedient to amend the Dominion Succession Duty Act, and to provide:

1. That the definition of "child" be extended to include that child to whom the deceased stands *in loco parentis*.

2. That when a person is given a general power of appointment or disposal over property, such property be subject to duty as if it were given directly to him, and, upon his death, the person then benefiting be regarded as his successor for purposes of taxation.

WAR EXCHANGE CONSERVATION ACT

Resolved, that it is expedient to amend the War Exchange Conservation Act, 1940, and to provide:

1. That sections 2, 3, 4, 5 and 6 of the said act and schedule one thereto, which prohibit the importation of specified goods from countries outside the sterling area, be repealed.

2. That schedule two to the said act be amended by:

(a) substituting the phrase "synthetic textile fibres or filaments" for each of the phrases "artificial silk", "artificial silk or similar synthetic fibres", and "artificial silk or similar synthetic fibres produced by chemical processes" wherever they appear in items 524a, 548, ex 553, 558b, 558d, ex 560c, 561, 561a, 562a, ex 564, ex 565, 567a and ex 568;

(b) substituting the phrase "yarns of synthetic textile fibres or filaments" for the phrase "artificial silk yarns" in item 558d.

[Mr. Ilsley.]

3. That any enactment founded on:

(a) Resolution 1 come into force on August 1, 1944; and

(b) Resolution 2 come into force on June 27, 1944.

SPECIAL WAR REVENUE ACT

Resolved, that it is expedient to introduce a measure to amend the Special War Revenue Act, and to provide:

1. That the excise tax of twenty-five per cent on furs be extended to cover the fur content of imported articles.

2. That exemption from sales tax be provided for grain loaders or elevators with a capacity not exceeding forty bushels per minute.

3. That exemption from sales tax be provided for baling twine to be used for baling farm produce and for articles and materials to be used or consumed exclusively in the manufacture of baling twine.

4. That the tax on certain places of entertainment as imposed by part XVI of the said act be levied on the operator in each case where he fails to collect the tax from the patron or fails to affix the excise stamps as required under the provisions of the said act.

5. That the retail purchase tax as imposed by part XVII of the said act be levied on the vendor in each case where he fails to collect the tax from the purchaser or fails to affix the excise stamps as required under the provisions of the said act.

6. That the existing provision for the taxation of cigars in item 1(a) of schedule II to the said act be replaced by a provision imposing an excise tax of three dollars and twenty-five cents on cigars valued at not more than twenty-five dollars per thousand, and six dollars and twenty-five cents on cigars valued at more than twenty-five dollars per thousand but not more than forty dollars per thousand.

7. That any enactment founded on paragraphs one to six inclusive of these resolutions shall come into force on the twenty-seventh day of June, one thousand nine hundred and forty-four.

CUSTOMS TARIFF

1. Resolved, that Schedule A to the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended, be further amended by adding to subsection (1) of Section 2 the following paragraph:

(n) "rubber" includes synthetic rubber which may be defined by regulations prescribed by the Minister.

2. Resolved, that Schedule A to the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended, be further amended by striking thereout tariff items 156, 158, 188, 216d, 219a (i) and (ii), 220 (a), (b) and (c), 300, 316a, 326b, 326h,

356b, 408, 409, 409a, 409b, 409c, 409d, 409e (i), (ii) and (iii), 409f, 409g, 409h, 409i, 409j, 409k, 409n, 409o, 410s, 431c, 431d, 438j, 442, 442a (1) and (2), 443b, 476b, 476c, 477, 482, 524a, 537, 537a, 537d, 538a, 540 (c) and (d), 542, 542a, 548, 551, 555, 556b, 557, 557a, 557b, 558b (a) and (b), 558d (a) and (b), 558f, 560a, 560c, 561, 561a (i) and (ii), 562a, 564, 567a, 616c, 617, 618, 618c, 619a, 654, 688, 691, 813, 825, and Orders in Council P.C. 2/1245 of July 30, 1925, P.C. 5/296 of February 22, 1927, P.C. 21/2009 of November 5, 1928, P.C. 4078 of August 21, 1940, P.C. 4761 of June 10, 1943, P.C. 6097 of August 3, 1943, P.C. 686 of February 3, 1944, the several enumerations of goods respectively and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said Schedule A:

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Explanatory Notes
2a	Rabbits, pure bred, for the improvement of stock, under regulations prescribed by the Minister.....	Free	Free	Free	The new item provides for duty free entry of all kinds of pure bred rabbits. Pure bred Chinchilla, Angora and Sable rabbits have been admitted duty free under Orders in Council P.C. 2/1245 of July 30, 1925, P.C. 5/296 of February 22, 1927, and P.C. 21/2009 of November 5, 1928, respectively. Pure bred rabbits other than the three mentioned above were formerly dutiable at rates of Free—20—25 pc.
156	Ethyl alcohol, or the substance commonly known as alcohol, hydrated oxide of ethyl or spirits of wine, n.o.p.; gin of all kinds, n.o.p.; rum; whisky and all spirituous or alcoholic liquors, n.o.p.; amyl alcohol or fusel oil, or any substance known as potato spirits or potato oil; absinthe, arrack or palm spirit, brandy, including artificial brandy and imitations of brandy, n.o.p.; cordials and liqueurs of all kinds, n.o.p.; mescal, pulque, rum shrub, schiedam and other schnapps; tafia, angostura and similar alcoholic bitters or beverages; and wines, n.o.p., containing more than forty per cent of proof spirit, per gallon of the strength of proof.....	$5.00	$10.00	$10.00	The words "methyl alcohol, wood alcohol, wood naphtha, pyroxylic spirit or any substance known as wood spirit or methylated spirits" have been deleted from Item 156 and are now provided for under Item 158.
	Provided, (1) that when the goods specified in Item 156 are of greater or less strength than the strength of proof, the measurement thereof and the amount of duty payable thereon shall be increased or decreased in proportion for any greater or less strength than the strength of proof.				
	Provided, (2) that bottles and flasks and packages of gin, rum, whisky and brandy of all kinds, and imitations thereof, shall be held to contain the following quantities (subject to the provisions for addition or deduction in respect of the degree of strength) viz.:—				
	Bottles, flasks and packages, containing not more than three-fourths of a gallon per dozen, as three-fourths of a gallon per dozen;				
	Bottles, flasks and packages, containing more than three-fourths of a gallon but not more than one gallon per dozen, as one gallon per dozen;				

	Bottles, flasks and packages, containing more than one gallon but not more than one and one-half gallon per dozen, as one and one-half gallon per dozen; Bottles, flasks and packages, containing more than one and one-half gallon but not more than two gallons per dozen, as two gallons per dozen; Bottles, flasks and packages, containing more than two gallons but not more than two and four-fifths gallons per dozen, as two and four-fifths gallons per dozen; Bottles, flasks and packages, containing more than two and four-fifths gallons but not more than three gallons per dozen, as three gallons per dozen; Bottles, flasks and packages, containing more than three gallons but not more than three and one-fifth gallons per dozen, as three and one-fifth gallons per dozen. Provided, (3) that bottles or phials of liquors for special purposes, such as samples not for sale to the trade, may be entered for duty according to actual measurement, under regulations prescribed by the Minister.				
158	Methyl alcohol, subject to the provisions of the Excise Act, and regulations.....per proof gallon	20 cts.	20 cts.	20 cts.	This Item was formerly limited to methyl alcohol to be used in denaturing alcohol for use in the arts and industries and for fuel, light and power, when imported by the Department of National Revenue, or by a person licensed by the Minister of National Revenue. It is now widened in scope to include "methyl alcohol, wood alcohol, wood naphtha, pyroxylic spirit or any substance known as wood spirit or methylated spirits", previously dutiable under Item 156.
188	Plain basic photographic paper, baryta coated, for use exclusively in manufacturing albumenized or sensitized photographic paper.....	Free	Free	10 p.c.	Two Tariff Items, 188 and 813, are being replaced by one Item. Both covered the same goods. Item 188 carried rates of Free—15 p.c.—15 p.c. and Item 813 carried rates of Free—Free—10 p.c. The new Item, 188, continues the lower rates.
206c	Bottles, and tubes other than rubber, bail bands, labels, corks, stoppers or other closures, for use with bottles, whether or not assembled into units partially filled with anti-coagulating solutions or not; filters, drop counters, clamps; all of the foregoing, when imported to be used exclusively for the collection, preparation, storage, transportation or administration of human blood (whether whole or in the form of liquid or dry serum or plasma); component materials to be used exclusively in making the foregoing articles or anti-coagulating solutions..	Free	Free	Free	This is a new Item to provide for duty free entry from all countries of both the chief articles used for the collection, preparation, storage, transportation or administration of blood serum or plasma, and the materials used in the manufacture of these articles. The goods provided for by this Item were dutiable according to material.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Explanatory Notes
216d	Phthalic anhydride, adipic, abietic, maleic and succinic acids, hexamethylene diammonium adipate, hexamethylene diammonium sebacate, caprolactam, and ethylene glycol, when imported by manufacturers of synthetic resins, for use exclusively in the manufacture of synthetic resins, in their own factories	Free	Free	Free	This Item is being widened to include "hexamethylene diammonium adipate, hexamethylene diammonium sebacate, and caprolactam", three chemicals used in the manufacture of nylon polymers. These chemicals were formerly dutiable at rates of Free—25—25 p.c.
219a	Non-alcoholic preparations or chemicals for disinfecting, or for preventing, destroying, repelling, or mitigating fungi, weeds, insects, rodents, or other plant or animal pests, n.o.p.:—				In order to cover new uses and methods of application of insecticides, the words "for disinfecting, or for preventing, destroying, repelling, or mitigating fungi, weeds, insects, rodents, or other plant or animal pests" have been substituted for the words "for disinfecting, dipping, spraying or fumigating, n.o.p.". Formerly the B.P. tariff rate was 5 p.c. and the Intermediate tariff rate was 25 p.c. on goods covered by sub-item (i) of Item 219a.
	(i) When in packages not exceeding three pounds each, gross weight	Free	20 p.c.	25 p.c.	
	(ii) Otherwise	Free	15 p.c.	15 p.c.	
220	All medicinal and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, filled capsules, tablets, syrups, cordials, bitters, anodymes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, n.o.p.:—				This Item formerly covered all medicinal, chemical and pharmaceutical preparations, compounded of more than one substance. These chemical preparations are now provided for in a separate new item, designated as 220a.
	(i) When dry	17½ p.c.	25 p.c.	25 p.c.	
	(ii) Liquid, when containing not more than two and one-half per centum of proof spirit	20 p.c.	40 p.c.	40 p.c.	
	(iii) All others	60 p.c.	60 p.c.	60 p.c.	
	Provided that any article in this item containing more than forty per cent of proof spirit shall be rated for duty at ..... per gallon	$3.00	$3.00	$3.00	
	and	30 p.c.	30 p.c.	30 p.c.	
	Provided, also, that drugs, pill-mass and preparations, not including pills or medicinal plasters, recognized by the British or United States pharmacopoeia, the Canadian Formulary or the French Codex as officinal, shall not be held to be covered by this item.				
220a	Chemical preparations, compounded of more than one substance, n.o.p.:—				This is a new Item covering chemical preparations compounded of more than one substance, which were formerly provided for in Item 220. The B.P. rate of dry preparations is reduced from 17½ to 15 p.c. On liquid preparations not more than 2½ p.c. proof spirit, the B.P. rate is reduced from 20 to 15 p.c. and the Intermediate rate from 40 to 25 p.c. The Tariff on preparations containing over 2½ but not more than 40 p.c. proof spirit is reduced from 60—60—60 p.c. to 30—30—30 p.c.
	(i) When dry, or liquid containing not more than two and one-half per centum of proof spirit	15 p.c.	25 p.c.	25 p.c.	
	(ii) All others	30 p.c.	30 p.c.	30 p.c.	
	Provided that any article in this item containing more than forty per cent of proof spirit shall be rated for duty at ..... per gallon	$3.00	$3.00	$3.00	
	and	30 p.c.	30 p.c.	30 p.c.	

300	Crucibles, n.o.p., and covers therefor.....	Free	15 p.c.	15 p.c.	Item 300 formerly provided for crucibles of clay, sand or plumbago. The new Item will cover crucibles of all kinds except those made of platinum which have been duty free under all tariffs for many years. Crucibles of silicon carbide and plumbago were dutiable at rates of 10—25—30 p.c.
316a	Incandescent lamp bulbs for use in the manufacture of incandescent lamps; glass tubing for use in the manufacture of incandescent lamps, vials and ampoules; glass tubing, n.o.p., in straight lengths of not less than three feet; mantle stocking for gas light.....	Free	7½ p.c.	10 p.c.	This Item is being widened to include "glass tubing, n.o.p., in straight lengths of not less than three feet" which was formerly dutiable at rates of 10—20—22½ p.c.
326b	Artificial eyes for human use.....	Free	Free	Free	Duty free entry under this Item was limited to "glass eyes for human use". It is now extended to cover artificial eyes of all kinds which were dutiable according to material, mainly at rates of 15—25—25 p.c.
326h	Fresnel type lenses, sections and globes, of glass.....	Free	Free	30 p.c.	This Item formerly read "Fresnel or dioptric lenses-sections and globes". To facilitate administration the Item is being revised by deletion of the words "or dioptric" and by addition of the words "of glass".
356b	Nickel chromium, in bars or rods not more than three-fourths of an inch in diameter, containing more than fifty per cent nickel and more than ten per cent chromium, of a class or kind not manufactured in Canada, when imported by manufacturers of electric resistance wire and electric resistance strip or ribbon for use only in the manufacture of such articles in their own factories.....	Free	Free	Free	The nickel content requirement of the bars and rods described in this Item is being reduced from sixty per cent to 50 per cent in order to cover the type of bar or rod being used at present.
408	Malleable sprocket chain and link belting chain of iron or steel, including roller chain of all kinds for operating on steel sprockets or gears, when imported by manufacturers of agricultural implements for use exclusively in the manufacture of agricultural implements, in their own factories, under regulations prescribed by the Minister.....	Free	Free	Free	The Intermediate and General Tariffs on goods covered by this Item are being reduced from 10 p.c. to Free. (Can.-U.S. Agreement rate 5 p.c.)
409	Cream separators and complete parts therefor, including steel bowls.....	Free	Free	Free	The Intermediate and General Tariffs on goods covered by this Item are being reduced from 25 p.c. to Free. (Can.-U.S. Agreement rate 12½ p.c.)
409a	Milking machines and attachments therefor; centrifugal machines for testing butterfat, milk or cream; complete parts of all the foregoing.....	Free	Free	Free	The Intermediate and General Tariffs on goods covered by this Item are being reduced from 10 p.c. to Free.
409b	Cultivators, harrows, seed-drills, horse-rakes, horse-hoes, scufflers, manure spreaders, garden seeders, weeders, and complete parts of all the foregoing....	Free	Free	Free	The Intermediate Tariff on goods covered by this Item is being reduced from 7½ p.c. to Free and the General Tariff from 25 p.c. to Free.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Explanatory Notes
409c	Ploughs; farm, field, lawn or garden rollers; soil packers; complete parts of all the foregoing.....	Free	Free	Free	The Intermediate Tariff on goods covered by this Item is being reduced from 7½ p.c. to Free and the General Tariff from 25 p.c. to Free.
409d	Mowing machines, harvesters, either self-binding or without binders, binding attachments, reapers, harvesters in combination with threshing machine separators including the motive power incorporated therein, and complete parts of all the foregoing.....	Free	Free	Free	The Intermediate Tariff on goods covered by this Item is being reduced from 7½ p.c. to Free and the General Tariff from 25 p.c. to Free.
409e	(i) Spraying and dusting machines and attachments therefor, including hand sprayers; apparatus specially designed for sterilizing bulbs; pressure testing apparatus for determining maturity of fruit; pruning hooks; pruning shears; animal dehorning instruments; and complete parts of all the foregoing.....	Free	Free	Free	The Intermediate Tariff on goods covered by this Item is being reduced from 7½ p.c. to Free and the General Tariff from 25 p.c. to Free. (Can.-U.S. Agreement rate 5 p.c.)
	(ii) Fruit and vegetable grading, grating, washing and wiping machines and combination bagging and weighing machines, and complete parts thereof; machines for topping vegetables, and machines for bunching and/or tying cut flowers, vegetables and nursery stock, and complete parts thereof; machines and complete parts thereof for making or lidding boxes for fruit or vegetables; egg-graders and egg-cleaners, and complete parts thereof, not including aluminum parts.....	Free	Free	Free	The Intermediate Tariff on goods covered by this Item is being reduced from 5 p.c. to Free and the General Tariff from 10 p.c. to Free.
	(iii) Complete parts of aluminum for egg-graders..	Free	Free	Free	The Intermediate Tariff on goods covered by this Item is being reduced from 15 p.c. to Free and the General Tariff from 30 p.c. to Free.
409f	Hay loaders, hay tedders, potato planters, potato diggers, fodder or feed cutters, ensilage cutters, grain crushers and grain or hay grinders for farm purposes only, post hole diggers, snaths, stumping machines, grain loaders or elevators with a capacity not exceeding 40 bushels per minute and all other agricultural implements or agricultural machinery, n.o.p., and complete parts of all the foregoing.....	Free	Free	Free	The Intermediate Tariff on goods covered by this Item is being reduced from 7½ p.c. to Free and the General Tariff is being reduced from 25 p.c. to Free. This Item is also being widened to include "grain loaders or elevators with a capacity not exceeding 40 bushels per minute". These grain loaders or elevators were formerly dutiable at rates of 10—27½—35 p.c.
409g	Incubators for hatching eggs, brooders for rearing young fowl, and complete parts of all the foregoing.	Free	Free	Free	The Intermediate Tariff on goods covered by this Item is being reduced from 7½ p.c. to Free and the General Tariff from 25 p.c. to Free.

409h	Hay presses and complete parts thereof.....	Free	Free	Free	The Intermediate Tariff on goods covered by this Item is being reduced from 7½ p.c. to Free and the General Tariff from 25 p.c. to Free.
409i	Scythes, sickles or reaping hooks, hay or straw knives, edging knives, hoes, pronged forks, rakes, n.o.p.....	Free	Free	Free	The Intermediate Tariff on goods covered by this Item is being reduced from 7½ p c. to Free and the General Tariff from 25 p.c. to Free.
409j	Fanning mills; peaviners; corn husking machines; threshing machine separators, including weighers, wind stackers, baggers and self-feeders therefor; complete parts of all the foregoing.....	Free	Free	Free	The Intermediate Tariff on goods covered by this Item is being reduced from 7½ p.c. to Free and the General Tariff from 25 p.c. to Free.
409k	Windmills and complete parts thereof, not including shafting.....	Free	Free	Free	The Intermediate Tariff on goods covered by this Item is being reduced from 7½ p.c. to Free and the General Tariff from 25 p.c. to Free.
409n	Portable engines with boilers, in combination, for farm purposes; horse powers; complete parts of all the foregoing.....	Free	Free	Free	The Intermediate Tariff on goods covered by this Item is being reduced from 15 p.c. to Free and the General Tariff from 25 p.c. to Free.
409o	Equipment for generating electric power for farm purposes only, viz.: engine, gas tank, generator, storage battery, and switchboard or panel; and complete parts of the foregoing.....	Free	Free	Free	The Intermediate and General Tariffs on goods covered by this Item are being reduced from 10 p.c. to Free. Provision is also being made in this Item for panels, which usually consist of a metal board with a cut-out, fuses, etc., attached thereto. These panels were formerly dutiable as electric apparatus n.o.p. at rates of 15—25—30 p.c.
410s	Amalgam safes; automatic ore samplers; automatic feeders; retorts; mercury pumps; non-metallic heating elements; pyrometers; bullion furnaces; amalgam cleaners; and integral parts of all the foregoing, for use exclusively in mining or metallurgical operations.....	Free	Free	Free	This Item is being widened to accord free entry to "non-metallic heating elements" such as those made of silicon carbide for use in high temperature electric furnaces. These articles were formerly dutiable as electric apparatus n.o.p. at rates of 15—25—30 p.c.
431c	Machinists' or metal workers' precision tools and measuring instruments, viz.:—Calipers, micrometers, metal protractors and squares, bevels, verniers, gauges, gauge blocks, parallels, buttons, mercury plumb bobs, dividers, trammels, scribers, automatic centre punches, hand speed indicators, straight edges, key seat clamps and other clamps and vises used by toolmakers for precision work, precision tools and measuring instruments, n.o.p.; parts of all the foregoing, finished or not.....	Free	10 p.c.	15 p.c.	In connection with centre punches, the word "automatic" has been inserted before the word "centre". In connection with speed indicators, the word "hand" has been substituted for the word "pocket". The Item has been widened in scope to provide for parts, finished or not. These parts had formerly been dutiable in most cases under Item 462 at rates of 7½—25—30 p.c. They are now dutiable at the same rates as the finished article.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Explanatory Notes
431d	Engineers', surveyors' and draftsmen's precision instruments and apparatus, viz.:—allidades; altazimuth surveying instruments; aneroid barometers, engineering, military and surveying; angle prisms; boards, military sketching; box sextants; clinometers; compasses; cross staff heads; curves, adjustable, irregular, railroad and ship; curvimeters; drafting instruments of all kinds, including fitted cases containing the same; dipping needles; drafting machines; heliographs; integrators, levels, tripod and hand or pocket types; levelling rods; liners, section; meters, portable for hydraulic engineering; pantographs; planimeters; protractors, parallel rulers, parallel ruling attachments; poles, ranging; pedometers and paceometers; plane tables, military and topographic; scales, flat and triangular; slide rules; splines; straight edges, steel and wooden; tacheometers; tallying machines, pocket; tee squares, steel and wooden; telemeters; theodolites; transits, tripod and hand or pocket types; triangles of all types; tripods for use with any of the foregoing instruments; parts of all the foregoing, finished or not	Free	10 p.c.	15 p.c.	The Item has been widened in scope to provide for parts finished or not. These parts had formerly been duitable in most cases under Item 462 at rates of 7½—25—30 p.c. they are now dutiable at the same rates as the finished article.
438j	Piston castings of any material, in the rough or semi-finished	Free	25 p.c.	35 p.c.	This Item formerly provided for "semi-finished piston castings of any material". Piston castings of any material in the rough are now being accorded the same tariff treatment as semi-finished piston castings.
442	Articles which enter into the cost of manufacture of the goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409k, 409o and 439c, when imported by manufacturers for use exclusively in the manufacture in their own factories of the goods enumerated in the aforesaid tariff items, under regulations prescribed by the Minister Provided that goods which are entitled to free entry or to a lower rate of duty than is mentioned in this item shall not be entered at the rates specified in this item.	Free	Free	Free	On the goods covered by this Item the British Preferential Tariff of 5 p.c. is being reduced to Free and the Intermediate and General Tariffs of 6 p.c. are being reduced to Free. (Can.—U.S. Agreement rate 5 p.c.)
442a	Notwithstanding the provisions of tariff item 442, materials or commodities as hereunder defined or described, when imported by manufacturers for use exclusively in the manufacture, in their own fac-				On the goods covered by Part (1) of this Item the British Preferential Tariff of 75 cents per ton is being reduced to Free and the Intermediate Tariff of $1.25 per ton is being reduced to Free.

	tories, of the goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409o, 409p and 439c, under regulations prescribed by the Minister:—				On the goods covered by Part (2) of this Item the British Preferential Tariff of $2.12½ per ton is being reduced to Free and the Intermediate Tariff of $3.50 per ton is being reduced to Free. The General Tariffs of $1.25 and $3.50 are eliminated. (Can.—U.S. Agreement rate $1.00 per ton on pig iron and $2.75 per ton on bars or rods).
	(1) Pig iron.....per ton	Free	Free	Free	
	(2) Bars or rods, of iron or steel, hot rolled, per ton	Free	Free	Free	
443b	Oven thermostats, automatic oven lighters and dual valves, for use in the manufacture of apparatus designed for cooking with gas; gas pressure regulators for use in the gas line between the meter and the cooking apparatus or for installation on the cooking apparatus.....	Free	10 p.c.	30 p.c.	This Item is being widened to include "dual valves" and "gas pressure regulators". These articles are not made in Canada and were formerly dutiable at a rate of 25 p.c. when imported from the United States.
476b	Surgical suction apparatus including motive power; prepared surgical sutures; ethylene; operating room lights designed to minimize shadow, not including bulbs; all the foregoing of a class or kind not made in Canada, and complete parts thereof, for the use of any public hospital, under regulations prescribed by the Minister.....	Free	Free	Free	This Item is being revised by substitution of the word "sutures" for the word "catgut". Sutures of silk, artificial silk, nylon and other synthetic materials are being widely used. They were formerly dutiable according to material but will now be admitted duty free.
476c	Chloroform and ethyl chloride for anaesthetic purposes.....	Free	Free	Free	This Item is being amended to include "ethyl chloride" which was formerly provided for in Item 476b but under that Item duty free entry was limited to importations "for the use of any public hospital".
477	Containers and parts thereof, including expelling bulbs, for vaccines including toxoids (anatoxins) and bacterins, toxins, serums containing immune bodies including anti-toxins, glandular extracts and/or antibiotics, when imported by manufacturers of such products for use in their own factories, under such regulations as the Minister may prescribe....	Free	Free	Free	This is a revised wording of a duty free Item that has been in the Tariff since 1906 at least, covering "metallic tubes, glass caps, shells, containers and capillary tubes, rubber bulbs, boxes and corks, when imported by manufacturers of vaccine points. . .".
482	Ear-telephone sets and similar appliances, including batteries therefor, and complete parts, for use by deaf persons, under regulations prescribed by the Minister.....	Free	Free	Free	This Item is being amended to accord duty free entry to complete parts of hearing-aid batteries. These parts were formerly dutiable as "complete parts of electric batteries" at rates of 15—25—27½ p.c.
524a	Fabrics with cut weft pile, wholly of cotton or of cotton and synthetic textile fibres or filaments....	5 p.c.			The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk".
537	Rovings, yarns and warps wholly or in part of vegetable fibres, not more advanced than singles, n.o.p., not to contain silk, synthetic textile fibres or filaments, nor wool.....	12½ p.c.	17½ p.c.	25 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk".

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Explanatory Notes
537a	Rovings, yarns and warps wholly or in part of vegetable fibres, including yarn twist, cords and twines generally used for packaging and other purposes, n.o.p., not to contain silk, synthetic textile fibres or filaments, nor wool	17½ p.c.	22½ p.c.	25 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk".
537d	Rovings, yarns and warps wholly of jute, not more advanced than singles, n.o.p., not to contain silk, synthetic textile fibres or filaments, nor wool	Free	17½ p.c.	25 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk".
538a	Articles which enter into the cost of the manufacture of binder twine, or twine for harvest binders, and twine for baling farm produce, when imported for such use exclusively by manufacturers who manufacture such twine only	Free	Free	Free	Duty free entry is being extended to articles entering into the cost of the manufacture of baling twine for farm produce, principally twine for baling hay. These articles were formerly dutiable according to material.
540	*(c)* Towelling and glass cloth of crash or huck, with or without lettering or monograms woven in, table cloths and napkins of crash with coloured borders, in the web, wholly of flax or hemp; woven fabrics, in the web, composed in part of flax or hemp, not containing silk, synthetic textile fibres or filaments, nor wool	22½ p.c.	30 p.c.	35 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk".
	and, per pound	3 cts.	3½ cts.	4 cts.	
	(d) Towels and glass cloths of crash or huck, with or without lettering or monograms woven in, table cloths and napkins of crash with coloured borders, wholly or in part of flax or hemp, not containing silk, synthetic textile fibres or filaments, nor wool	25 p.c.	30 p.c.	35 p.c.	The words "synthetic textitle fibres or filaments" have been substituted for the words "artificial silk".
	and, per pound	3 cts.	3½ cts.	4 cts.	
542	Woven fabrics, wholly or in part of vegetable fibres, and all such fabrics with cut pile, n.o.p., not containing silk, synthetic textile fibres or filaments, nor wool	20 p.c.	27½ p.c.	30 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk".
542a	Woven or braided fabrics not exceeding twelve inches in width, wholly or in part of vegetable fibres, n.o.p. not to contain silk, synthetic textile fibres or filaments, nor wool	22½ p.c.	27½ p.c.	35 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk".

548	Clothing, wearing apparel and articles, made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of vegetable fibres but not containing wool, n.o.p.; fabrics coated or impregnated, composed wholly or in part of vegetable fibres but not containing silk, synthetic textile fibres or filaments, nor wool, n.o.p.	25 p.c.	30 p.c.	35 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk".
	and, per pound	.....	1½ cts.	4 cts.	
551	Yarns, composed wholly or in part of wool or hair but not containing silk, or synthetic textile fibres or filaments, n.o.p.	15 p.c.	20 p.c	22½ p.c.	The words "synthetic textile fibres or filaments" have been substituted for "artificial silk".
	and, per pound	6 cts.	20 cts.	22½ cts.	
555	Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of wool or similar animal fibres, but of which the component of chief value is not silk nor synthetic textile fibres or filaments, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of yarns of wool or hair, but not containing silk nor synthetic textile fibres or filaments, n.o.p.	30 p.c.	40 p.c.	40 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk".
	and per pound	.....	32½ cts.	35 cts.	
556b	Slipper cloth, woven, napped on one or both sides, wholly or in part of wool, not to contain silk or synthetic textile fibres or filaments, weighing not less than 22 ounces per square yard, when imported by manufacturers of indoor footwear, to be used exclusively in the manufacture of such articles in their own factories	Free	35 p.c.	40 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk".
	and, per pound	.....	.....	35 cts.	
557	Silk cocoons; raw silk, not more advanced than singles, not to include material wholly or partially degummed; rags and waste wholly of silk or of synthetic textile fibres or filaments, unfit for use without further manufacture, not to include used garments nor waste portions of unused fabrics	Free	Free	Free	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk or similar synthetic fibres produced by chemical processes".
557a	Waste portions of unused fabrics, or used garments, wholly of silk or of synthetic textile fibres or filaments, imported by manufacturers to be used exclusively for disintegrating in their own factories	Free	Free	Free	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk or similar synthetic fibres produced by chemical processes".

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Explanatory Notes
557b	Garnetted material wholly of silk or of synthetic textile fibres or filaments, obtained by disintegrating cocoons, yarns or fabrics, prepared for use; filaments or loose fibres wholly of silk or synthetic textiles, not more advanced than in the form of sliver; waste portions of unused fabrics, wholly of silk or of synthetic textile fibres or filaments, n.o.p., not to include remnants nor mill ends.....	Free	7½ p.c.	10 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk or similar synthetic fibres produced by chemical processes".
558b	Rovings, yarns and warps wholly of synthetic textile fibres or filaments, not more advanced than singles, not coloured, with not more than seven turns to the inch, under such regulations as the Minister may prescribe:				The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk or similar synthetic fibres, produced by chemical processes".
	(a) Produced from cellulose acetate.....	5 p.c.	30 p.c.	35 p.c.	
	Provided that, in no case, shall the duty under the Intermediate or the General Tariff be less than.....per pound	.....	28 cts.	28 cts.	
	(b) N.o.p.....	20 p.c.	30 p.c.	35 p.c.	
	Provided that, in no case, shall the duty under the Intermediate or the General Tariff be less than .....per pound	.....	28 cts.	28 cts.	
558d	Rovings, yarns and warps wholly or in part of synthetic textile fibres or filaments, n.o.p., including threads, cords or twist for sewing, embroidering or other purposes, not to contain silk; yarns of synthetic textile fibres or filaments wholly or partially covered with metallic strip, one pound of which shall contain not less than 10,000 yards; under such regulations as the Minister may prescribe:—				The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk or similar synthetic fibres produced by chemical processes" and the words "synthetic textile" have been substituted for the words "artificial silk".
	(a) Produced wholly from cellulose acetate.....	7½ p.c.	30 p.c.	35 p.c.	
	Provided that, in no case, shall the duty under the Intermediate or the General Tariff be less than .....per pound	.....	28 cts.	28 cts.	
	(b) N.o.p.....	25 p.c.	30 p.c.	35 p.c.	
	Provided that, in no case, shall the duty under the Intermediate or the General Tariff be less than .....per pound	.....	28 cts.	28 cts.	
558f	Rovings, yarns and warps wholly of spun synthetic textile fibres or filaments, not coloured, imported by manufacturers for use exclusively in the manufacture of cut-pile fabrics, in their own factories...	Free	30 p.c.	35 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk or similar synthetic fibres produced by chemical processes".
	but not less than, per pound.....		28 cts.	28 cts.	

560a	Woven fabrics wholly or in part of silk, not to contain wool, not including fabrics in chief part by weight of synthetic textile fibres or filaments, n.o.p.	22½ p.c.	40 p.c.	45 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk".
	and, per lineal yard	.....	10 cts.	10 cts.	
560c	Woven fabrics with cut pile, whether or not coated or impregnated, wholly or in part of silk or synthetic textile fibres or filaments, but not containing wool, n.o.p.	17½ p.c.	32½ p.c.	35 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk".
561	Woven fabrics wholly or in part of synthetic textile fibres or filaments, not to contain wool, not including fabrics in chief part by weight of silk, n.o.p.	27½ p.c.	40 p.c.	45 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk or similar synthetic fibres, produced by chemical processes".
	and, per pound	.....	40 cts.	40 cts.	
561a	Fabrics, coated or impregnated, n.o.p.:— (i) Composed wholly or in part of silk	27½ p.c.	30 p.c.	45 p.c.	No change.
	(ii) Composed wholly or in part of synthetic textile fibres or filaments, but not containing silk	30 p.c.	40 p.c.	50 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk or similar synthetic fibres produced by chemical processes".
562a	Woven fabrics not exceeding twelve inches in width, generally known as "ribbons", whether with cut pile or not, wholly or in part of synthetic textile fibres or filaments, but not containing silk nor wool	22½ p.c.	32½ p.c.	35 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk or similar synthetic fibres produced by chemical processes".
564	Woven fabrics, of a kind not made in Canada, wholly or in chief part, by weight, of silk or of synthetic textile fibres or filaments, or both, imported in the web in lengths of not less than five yards each by manufacturers of neckties, scarves, or mufflers, for use exclusively in the manufacture of such articles in their own factories	17½ p.c.	20 p.c.	20 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk".
567a	Clothing, wearing apparel and articles, made from woven fabrics and all textile manufactures, wholly or partially manufactured, n.o.p. of which the component of chief value is synthetic textile fibres or filaments	25 p.c.	35 p.c.	50 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk or similar synthetic fibres produced by chemical processes".
	and, per ounce	.....	5 cts.	7 cts.	
616c	Materials, non-alcoholic, in liquid or paste form, when imported by manufacturers of sealing compounds for cans and jars, for use exclusively in the manufacture of such sealing compounds, in their own factories	Free	Free	Free	This Item is being amended to accord duty free entry to synthetic rubber compounds by substitution of the words "materials, non-alcoholic, in liquid or paste form" for the words "liquid rubber compound, non-alcoholic". This synthetic rubber compound was formerly dutiable at rates of 15-25-25 p.c.
617	Rubber boots and shoes	Free	22½ p.c.	25 p.c.	This Item is being amended by deletion of the word "India". The word "rubber" will henceforth cover both natural and synthetic rubbers.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Explanatory Notes
618	Rubber cement and all manufactures of rubber and gutta percha, n.o.p.	15 p.c.	25 p.c.	27½ p.c.	This Item is being amended by deletion of the word "India". The word "rubber" will henceforth cover both natural and synthetic rubbers.
619a	Rubber clothing and clothing made from waterproofed cotton fabrics	25 p.c.	30 p.c.	35 p.c.	This Item is being amended by deletion of the word "India". The word "rubber" will henceforth cover both natural and synthetic rubbers.
	And, in addition, on raincoats ... each	—	50 cts.	50 cts.	
654	Bristles and broom corn	Free	Free	Free	This Item is being amended by deletion of the words "and hair brush pads" as the trade has no knowledge of the existence of such an article.
688	Artificial teeth, not mounted, and materials for use only in the manufacture thereof	Free	Free	Free	This Item is being amended to accord duty free entry to materials for use in the manufacture of artificial teeth. These materials were formerly dutiable at rates of 15-25-25 p.c.
691	Communion sets of metal, glass, wood or other material; oil stocks; crosiers; benitiers; sprinklers; incensers; incense boats; baptismal shells or fonts; missels; scapulars; chapelets; rosaries; religious medals and crosses	Free	Free	Free	This Item is being amended to accord duty free entry on imports from General Tariff countries of missels, scapulars, chapelets, rosaries, religious medals and crosses
692b	Trophies of war, being arms, military stores, munitions of war and other articles, which are to be retained for use as bona fide trophies, under such regulations as the Minister may prescribe Provided that no article admitted under this item shall be sold or disposed of for use other than as a bona fide trophy without payment of duty. Provided further that any article before disposal thereof may be reduced to scrap and valued and rated for duty accordingly.	Free	Free	Free	This is a new Item established to accord duty free entry to articles brought to Canada as war trophies. These articles were formerly dutiable at various rate.
825	Woven cord tire fabric, wholly or in chief part by weight of synthetic textile fibres or filaments, not to contain silk nor wool, coated with a rubber composition, when imported by manufacturers of rubber, to be incorporated by them in pneumatic tires, in their own factories	Free	17½ p.c.	25 p.c.	The words "synthetic textile fibres or filaments" have been substituted for the words "artificial silk or similar synthetic fibres".
	and, per pound		3½ cts.	4 cts.	

3. Resolved, that Schedule B to the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended, be further amended by striking thereout Tariff Items 1001, 1027 and 1057, the enumerations of goods and the rates of drawback of Customs duties set opposite to each of the said items, and by inserting the following items, enumerations and rates of drawback of Customs duties in said Schedule B:—

Item No.	Goods	When Subject to Drawback	Portion of Duty (Not Including Special Duty or Dumping Duty) Payable as Drawback
1001	Oil, fuel and other articles not machinery, imported on or after June 1, 1941.	When entering into the cost of twine for baling farm produce, manufactured in Canada on and after June 1, 1944, and when entering into the cost of binder twine manufactured in Canada.....	99 p.c.
1027	Materials.....	When used by manufacturers of malleable iron castings or steel shafting for use exclusively in the manufacture of such articles for use in the manufacture of goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409o, 409p and 439c...	99 p.c.
1057	Materials.....	When used in the manufacture of articles entitled to entry under tariff item 442, when such articles are sold to manufacturers to be used as specified in said item.....	99 p.c.

4. Resolved, that any enactment founded upon the foregoing resolutions to amend the Customs Tariff or schedules thereto shall be deemed to have come into force on the twenty-seventh day of June, one thousand nine hundred and forty-four, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

On motion of Mr. Rowe the debate was adjourned.

APPENDIX TO THE BUDGET, 1944-45

A. Review of Government Accounts, 1943-44.

B. Tables on Economic Conditions, 1943-44.

A. Government Accounts, 1943-44

Comparative Summary Statement of Revenues and Expenditures

1. Although the Dominion's fiscal year ends March 31st, the books of the Dominion for each fiscal year remain open for some time thereafter in order to record expenditures made to April 30th as provided by Section 32 of the Consolidated Revenue and Audit Act and to provide for adjustments which affect revenue and expenditure accounts as well as asset and liability accounts. Final figures for the fiscal year 1943-44 are not yet available, and accordingly the statements which follow, in so far as they relate to 1943-44 revenue, expenditure, investment and balance sheet items, are preliminary. However, it is expected that when the books of the year are finally closed variations from the figures shown herein will be of slight importance.

2. The following tables show, by main categories and in detail, revenues, expenditures and the increase in net debt for the fiscal year 1943-44 together with comparable figures for the four preceding fiscal years:

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS

(Thousands of Dollars)

—	1939-40	1940-41	1941-42	1942-43	Estimated 1943-44
	$	$	$	$	$
Tax Revenues—					
Customs import duties	104,301	130,757	142,392	118,963	167,882
Excise duties—					
Spirits, malt, etc.	21,267	34,140	46,776	65,594	65,922
Cigars, cigarettes and tobacco	40,557	55,417	65,050	76,372	79,906
Licences	35	45	40	38	37
	61,859	89,602	111,866	142,004	145,865
Less refunds	827	994	1,775	3,283	3,741
	61,032	88,608	110,091	138,721	142,124
Excise taxes—					
Sales	141,121	184,536	246,553	250,478	339,256
Manufacturers—					
Automobiles, rubber tires and tubes	1,568	11,206	16,742	3,062	6,001
Furs	—	—	—	3,170	4,199
Gasoline	—	—	24,752	24,898	24,930
Candy and chewing gum	—	—	—	8,184	12,602
Cigarette papers and tubes	1,879	3,356	3,948	5,056	6,159
Cigars, cigarettes and tobacco	130	245	333	26,295	54,688
Beverages	—	—	6,247	14,119	19,059
Matches and lighters	2,135	2,173	2,766	2,855	2,874
Sugar	12,302	11,894	22,009	14,951	13,048
Toilet preparations and soap	1,371	1,542	3,539	4,542	5,327
Trunks, bags, etc.	—	—	—	2 187	4,170
Electric and gas appliances	—	1,886	8,470	5,306	3,302
Phonographs, radios and tubes	—	1,289	2,361	1,191	491
Wines	420	658	1,445	2,007	1,710
Sundry	312	682	877	1,938	2,579
Amusements	—	—	8,792	12,066	13,701
Special excise (importations)	1,979	1,008	861	480	508
Transportation and communication	1,657	1,848	8,131	16,083	22,379
Stamps, licences, interest, etc.	4,829	4,747	5,095	12,840	17,065
War exchange	—	61,932	100,874	94,553	118,912
	169,703	289,002	463,795	506,261	672,960
Less refunds	3,675	4,835	10,370	17,549	34,341
	166,028	284,167	453,425	488,712	638,619
Income Tax—					
Individuals—Graduated	45,407	75,863	189,502	453,940	813,047
National Defence Tax	—	27,672	106,637	80,198	388
Corporations	77,920	131,566	185,836	347,970	311,379
Dividends, interest, etc.	11,122	13,042	28,269	28,081	26,943
Excess profits tax	—	23,995	135,168	454,581	468,718
	134,449	272,138	645,412	1,364,770	1,620,475
Succession duties	—	—	6,957	13,273	15,020
Banks, Insurance Companies, etc.—					
Chartered banks	949	898	786	665	458
Insurance companies	926	972	1,148	10,893	6,481
Miscellaneous	540	636	702	723	753
Total Revenue from taxes	468,225	778,176	1,360,913	2,136,720	2,591,812
Non-tax Revenues—					
Post Office	36,729	40,383	45,994	48,869	61,071
Return on investments	14,617	17,902	25,826	41,242	52,152
Bullion and coinage	3,756	6,266	4,767	5,884	8,732
Premium, discount and exchange	7,939	6,107	11,855	395	2,150
Other	10,351	10,921	14,469	19,689	15,760
Total non-tax revenues	73,392	81,579	102,911	116,079	139,865
Total ordinary revenues	541,617	859,755	1,463,824	2,252,799	2,731,677

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(Thousands of Dollars)

—	1939-40	1940-41	1941-42	1942-43	Estimated 1943-44
	$	$	$	$	$
Special Receipts and Other Credits—					
Consolidated Fund—					
Refunds of previous years' Special Expenditure	153	78	102	239	220
War Appropriation Acts: refunds, etc.	—	1,542	16,384	18,651	81,000
War and Special donations	11	1,410	459	275	217
Canadian National Railways—					
Net income surplus, calendar years	—	—	4,016	25,063	35,640
Capital gain on repatriation of Canadian National Railways securities	—	5,504	99	11,073	2,430
Dominion stock "A" written off	—	4	—	—	—
Balance of award *I'm Alone* Case	—	—	—	—	25
Canadian Wheat Board, Reserve Account—Adjustment based on operations of the Board calculated as at July 31, 1942 and 1943	—	—	—	6,660	2,971
Total Consolidated Fund	164	8,538	21,060	61,961	122,503
Capital Accounts—					
Refunds of previous years' expenditure	21	20	38	103	95
Net insurance proceeds on the P.E.I. Car Ferry	—	—	984	—	—
Non-active Accounts—					
Canadian Government Merchant Marine, Limited—					
Balance in Contingency Reserve	—	1	—	—	—
Canadian National (West Indies) Steamships Ltd.—					
Reduction in indebtedness	—	—	—	—	165
Canadian Pacific Railway—					
Repayment of loan made under Unemployment Relief Act, 1932	—	—	—	—	1,000
National Harbours Board—					
Reduction in indebtedness	—	—	33	15	—
Write-downs to Consolidated Fund—					
Seed Grain and Relief Loans	10	46	58	42	29
Relief Loans to Province of Saskatchewan	17,682	—	—	—	—
Canadian National Railways Securities Trust Stock—Line abandonments	2,600	2,334	2,539	4,576	232
Net capital loss on sale of S.S. *Prince David* and S.S. *Prince Robert*	—	1,475	—	—	—
Total Special Receipts and Credits	20,477	12,414	24,712	66,697	124,024
Grand Total Revenue	562,094	872,169	1,488,536	2,319,496	2,855,701
Less estimated amount of Income and Excess Profits Taxes refundable after the war	—	—	—	70,000	155,000
	562,094	872,169	1,488,536	2,249,496	2,700,701

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS

(Thousands of Dollars)

—	1939-40	1940-41	1941-42	1942-43	Estimated 1943-44
ORDINARY EXPENDITURE	$	$	$	$	$
Agriculture	11,817	8,593	8,430	8,492	8,856
Auditor General's Office	459	453	457	441	325
Civil Service Commission	398	397	399	427	458
External Affairs, including Office of Prime Minister	1,220	1,013	1,052	1,156	1,647
Finance—					
Interest on Public Debt	129,315	139,179	155,018	188,556	242,681
Cost of Loan Flotations and Annual Amortization of Bond Discounts and Commissions	4,992	6,304	16,350	13,838	19,285
Subsidies to Provinces	13,769	13,769	14,409	14,490	14,449
Special Grants to Provinces	5,475	5,475	—	—	—
Wartime Prices and Trade Board—					
Dominion Fuel Board Administration, coal subsidies and subventions	—	—	(1) 4,880	(2) —	(2) —
Miscellaneous Grants and Contributions	660	530	531	526	533
Civil Pensions and Superannuation	567	500	435	391	352
Government contribution to Superannuation Fund	2,271	2,316	2,347	2,341	2,299
Old Age Pensions, including pensions to blind persons	29,977	29,912	29,612	29,976	30,377
Compensation to Provinces under Dominion-Provincial Taxation Agreements—					
Income and Corporation Taxes	—	—	21,120	85,942	83,678
Gasoline Tax	—	—	—	8,273	11,757
Administrative and Sundry Expenditure	3,966	3,508	3,817	4,188	4,445
Fisheries	2,320	1,618	1,679	1,699	1,690
Governor General and Lieutenant Governors	227	213	226	225	223
Insurance	195	176	181	182	184
Justice	2,725	2,711	2,657	2,667	2,727
Penitentiaries	2,941	2,717	2,786	2,772	2,749
Labour	788	826	762	698	1,000
Technical Education	31	18	41	19	23
Unemployment Insurance Act, 1940—					
Administration	—	69	2,344	4,657	5,187
Government contribution	—	—	7,287	11,487	12,344
Government Annuities—					
Payments to maintain reserve	379	111	617	498	50
Legislation—					
House of Commons	1,286	2,468	1,408	1,827	1,921
Library of Parliament	76	70	72	76	78
Senate	432	868	424	555	562
General	68	58	47	61	84
Chief Electoral Officer, including elections	458	2,469	282	1,447	89
Mines and Resources—					
Administration	186	179	178	160	164
Immigration	1,338	1,273	1,289	1,268	1,262
Indian Affairs	5,675	5,183	5,000	4,978	5,156
Lands, Parks and Forests	2,116	1,937	1,959	1,753	1,588
Surveys and Engineering	1,301	1,114	1,128	1,129	1,301
Mines and Geological Survey	1,324	1,173	1,156	1,140	1,125
Movement of Coal and Subsidies under Domestic Fuel Act	4,532	4,408	(3) —	(3) —	(3) —
Munitions and Supply	—	9	12	12	13
Dominion Fuel Board Administration, Coal subsidies and subventions	—	—	—	4,965	2,160
National Defence—					
Administration	178	30	43	44	38
Militia Service	5,997	—	—	—	—
Naval Service	1,869	—	—	—	—
Air Service	4,852	—	—	—	—
Sundry Services	295	168	223	371	32
National Revenue (including Income Tax)	12,064	12,229	13,428	15,190	17,733
National War Services	—	—	682	428	461

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Continued*

(Thousands of Dollars)

—	1939-40	1940-41	1941-42	1942-43	Estimated 1943-44
	$	$	$	$	$
ORDINARY EXPENDITURE—*Con.*					
Pensions and National Health—					
Administration	132	133	182	162	161
Treatment and after-care of returned soldiers (War 1914-18)	14,771	13,402	12,667	12,689	14,069
Pensions (War 1914-18) and Military	42,219	41,515	40,569	39,684	38,998
Health Division	1,113	1,111	1,246	1,244	1,615
Post Office	36,726	38,700	41,502	44,742	48,484
Privy Council	59	54	54	62	80
Public Archives	150	126	123	123	124
Public Printing and Stationery	199	283	195	245	235
Public Works	13,065	11,507	11,937	12,014	12,339
Royal Canadian Mounted Police	5,626	5,554	5,985	6,242	6,681
Secretary of State	836	772	823	820	831
Soldier Settlement	624	582	564	567	837
Trade and Commerce	4,999	4,315	(4) 6,200	4,566	4,258
Canada Grain Act	1,933	1,908	1,909	1,918	2,089
Mail Subsidies and Steamship Subventions	1,907	942	616	616	799
Transport—					
Administration	358	334	388	375	397
Air Service	3,862	3,478	3,386	3,334	3,560
Marine Service	4,215	3,795	4,010	4,257	4,408
Canadian Travel Bureau	312	470	(5) —	(5) —	(5) —
Railways and Canals	3,763	3,527	3,694	3,340	4,089
Maritime Freight Rates Act	2,660	3,951	3,935	4,894	5,058
Railway Grade Crossing Fund	255	126	25	12	17
Total ordinary expenditure	398,323	390,629	444,778	561,251	630,215
CAPITAL EXPENDITURE					
Railways	23	7	4	38	692
Public Works	7,007	3,351	3,426	3,238	1,965
Total Capital Expenditure	7,030	3,358	3,430	3,276	2,657
WAR EXPENDITURE					
National Defence—Army—					
Army Services	67,302	380,345	502,773	1,021,944	1,319,035
Internment Operations	287	805	1,370	1,556	1,024
Inspection Board of the U.K. and Canada	—	—	4,876	10,946	10,545
Sundry	604	2,085	2,150	3,344	4,841
	68,193	*383,235*	*511,169*	*1,037,790*	*1,335,445*
National Defence—Naval Services	*11,341*	*88,163*	*129,368*	*210,182*	*369,827*
National Defence—Air Services—					
Overseas War Establishment	—	5,362	13,333	23,666	384,725
Home War Establishment	28,561	49,415	109,820	226,550	312,200
Air Training	4,257	121,502	247,383	366,897	225,550
Sundry	—	—	113	122	125
	32,818	*176,279*	*370,649*	*617,235*	*922,600*
Munitions and Supply—					
Administration	—	2,068	4,930	9,457	10,000
Expansion of Industry	—	77,886	247,761	469,675	710,000
Acquisition of U.K. Assets	—	—	—	200,000	5,000
	—	*79,954*	*252,691*	*679,132*	*725,000*

(1) For previous years included in Departments of Trade and Commerce and Mines and Resources.
(2) For current year see Department of Munitions and Supply.
(3) For relative years see Departments of Finance and Munitions and Supply.
(4) Includes an amount of $2,615,000 for Census of population of Canada.
(5) Included in Department of National War Services.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Continued*

(Thousands of Dollars)

—	1939-40	1940-41	1941-42	1942-43	Estimated 1943-44
	$	$	$	$	$
WAR EXPENDITURE—*Continued*					
Agriculture—					
Disposal of agricultural products rendered surplus by the War	1,302	4,350	2,260	2,901	1,875
Subsidy to increase export bacon price to secure adequate supplies for the U.K.	—	—	2,281	—	—
Payments on cheese exports to the U.K.	—	—	1,784	—	—
Freight assistance on western feed grains	—	—	3,792	10,318	17,758
Payment to increase the income of farmers in the spring wheat area of Western Canada	—	—	16,299	2,678	19
Fertilizer subventions and freight allowance	—	—	—	1,036	893
Subsidy on western wheat used exclusively as feed for live-stock	—	—	—	836	4,508
Subsidy on milk and milk products	—	—	—	—	29,971
Premium on hog carcasses suitable for export to Great Britain	—	—	—	—	3,855
To provide for reserve stocks of feed grains	—	—	—	—	1,292
Sundry	74	140	971	2,211	4,586
	1,376	*4,490*	*27,387*	*19,980*	*64,757*
Finance—					
Comptroller of the Treasury	355	1,602	3,866	6,493	8,365
Payment of premiums on the purchase of Dominion of Canada Registered Stock	—	—	8,100	126	13
Wartime Prices and Trade Board—Administration	(6) —	(6) —	1,437	9,278	13,735
Subsidies due to application of Order placing a ceiling over all prices	—	—	3,242	67,715	81,552
Canadian Wheat Board—					
Accountable advances for payment of drawback claims to millers and other manufacturers of wheat products	—	—	—	(7) —	20,500
Old Age Pensions, increased benefits	—	—	—	—	3,062
Sundry	216	90	80	1,051	1,243
	571	*1,692*	*16,725*	*84,663*	*128,470*
Labour—					
Industrial training	—	1,400	4,569	4,360	3,528
Training aircraft mechanics	—	249	1,489	2,019	1,357
National Selctive Service	—	—	—	4,737	9,381
Removal of enemy aliens from protected areas	—	—	—	4,328	2,450
Sundry	55	248	496	1,383	3,538
	55	*1,897*	*6,554*	*16,827*	*20,254*
Mines and Resources—					
Prince Rupert—Terrace—Cedarvale Highway	—	—	10	2,965	5,750
Employment of Japanese	—	—	71	1,686	896
Sundry	18	292	678	1,626	2,766
	18	*292*	*759*	*6,277*	*9,412*
National War Services—					
War Charities	—	—	1,175	6,499	10,912
National Film Board	—	—	10	122	1,109
Censorship	—	—	22	(8) 1,070	(8) 1,727
Sundry	—	2,370	2,011	954	1,331
	—	*2,370*	*3,218*	*8,645*	*15,079*
Pensions and National Health—					
Treatment—Defence Forces	778	2,144	2,696	4,175	6,456
Pensions—Defence Forces	5	189	886	2,760	5,637

(6) Included under Department of Labour.
(7) See Department of Trade and Commerce.
(8) Including the censorship of telegrams, cables, etc., which was detailed under National Defence—Army in previous years.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Continued*

(Thousands of Dollars)

—	1939-40	1940-41	1941-42	1942-43	Estimated 1943-44
	$	$	$	$	$
WAR EXPENDITURE—*Concluded*					
Pensions and National Health—*Conc.*					
Air Raid Precautions	56	140	619	5,027	1,724
Sundry	61	897	1,412	2,358	4,143
	900	*3,370*	*5,613*	*14,320*	*17,960*
Public Works	*829*	*4,917*	*4,497*	*6,880*	*6,486*
Royal Canadian Mounted Police	*1,401*	*2,385*	*3,001*	*3,870*	*4,291*
Trade and Commerce—					
Gift of wheat to Greece	—	—	—	3,835	8,798
Canadian Wheat Board—					
Accountable advances for payment of drawback claims to millers and other manufacturers of wheat products	—	—	—	3,000	(*) —
National Research Council	121	419	1,125	2,091	2,773
Sundry	3	21	80	529	998
	124	*440*	*1,205*	*9,455*	*12,569*
Transport	*382*	*1,464*	*5,228*	*5,762*	*9,485*
Acquisition of Airfields and Works from United States Government	—	—	—	—	*66,600*
Wartime Information Board	—	—	—	*1,474*	*764*
Other Departments	*283*	*1,097*	*1,610*	*1,757*	*2,995*
	118,291	752,045	1,339,674	2,724,249	3,711,994
The War Appropriation (U.K. Financing) Act, 1942	—	—	—	1,000,000	—
The War Appropriation (United Nations Mutual Aid) Act, 1943	—	—	—	—	912,603
Total War Expenditure	118,291	752,045	1,339,674	3,724,249	4,624,597
SPECIAL EXPENDITURE					
Unemployment Relief—					
Administration—Relief Acts	287	236	106	2	—
Material Aid to Provinces, including municipal improvements projects	19,534	15,785	—	—	—
Dominion share of joint Dominion-Provincial projects	7,147	1,794	2,063	512	128
Dominion projects	24,919	9,784	6,331	4,499	3,624
Transportation facilities into mining areas	1,121	48	—	—	—
	53,008	27,647	8,500	5,013	3,752
Western Drought Area Relief—					
Direct Relief	1,605	—	—	—	—
Prairie Farm Assistance Act, 1939—					
Administration	—	346	423	157	217
Advances to Prairie Farm Emergency Fund	7,500	4,376	11,848	249	2,578
Wheat acreage reduction plan—					
Administration	—	—	980	1,342	814
Payments of awards to farmers	—	—	29,654	24,527	30,097
	9,105	4,722	42,905	26,275	33,706
Provision for reserve against estimated losses on 1938 wheat marketing guarantees	27,000	—	—	—	—
Provision for reserve to meet deficits resulting from the operations of the Canadian Wheat Board calculated as at July 31, 1940 and 1941, respectively, not previously provided for	—	10,500	12,571	—	—
Total special expenditure	89,113	42,869	63,976	31,288	37,458

(*) See Department of Finance.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(Thousands of Dollars)

—	1939-40	1940-41	1941-42	1942-43	Estimated 1943-44
	$	$	$	$	$
GOVERNMENT OWNED ENTERPRISES					
Losses charged to Consolidated Fund—					
Canadian National Railway System, ex-eastern lines	34,850	14,451	—	—	—
Eastern lines	5,245	2,514	—	—	—
Prince Edward Island Car Ferry and Terminals	427	461	424	591	698
National Harbours Board	94	40	33	—	29
Trans-Canada Air Lines	412	—	—	—	—
Central Mortgage Bank	16	—	—	—	—
Total charged to consolidated fund	41,044	17,466	457	591	727
Loans and advances non-active—					
Canadian National Steamships	8	—	—	—	—
National Harbours Board	1,027	716	758	657	579
Total non-active advances	1,035	716	758	657	579
Total government-owned enterprises	42,079	18,182	1,215	1,248	1,306
OTHER CHARGES					
Write-down of assets chargeable to Consolidated Fund—					
Drought Area Relief Loans, 1934-35—Province of Saskatchewan	1,374	—	—	—	—
Reduction of soldier and general land settlement loans	1,643	1,011	271	51	553
Yearly established losses in seed grain and relief accounts—Department of Mines and Resources	10	46	58	42	29
Canadian National Railways Securities Trust Stock—Reduction due to line abandonments during calendar years 1939, 1940, 1941, 1942, and 1943	2,600	2,334	2,539	4,576	232
Canadian National Railways Securities Trust Stock—Capital loss (exclusive of loss applicable to expired service life) on sale of S.S. *Prince David* and *Prince Robert*	—	1,475	—	—	—
Cancellation of Canadian Farm Loan Board—Capital Stock	11	12	10	7	
Province of Saskatchewan Treasury Bills	17,682	—	—	—	—
To provide a reserve for possible losses on ultimate realization of Active Loans and Advances	—	25,000	25,000	25,000	25,000
Non-Active Accounts—					
Fulfilment of guarantees—Saskatchewan Seed Grain Loans, 1936 and 1937	2,638	7,136	—	—	—
Canadian National Railways Securities Trust Stock—Increase in Dominion's Equity in the Canadian National Railways due to capital gain on repatriation of Canadian National Railways Securities	—	5,504	99	11,073	2,430
Increase in Dominion's Equity in the Canadian National Railways due to surplus earnings of Canadian National Railway System for calendar years	—	—	4,016	25,063	35,640
Total other charges	25,958	42,518	31,993	65,812	63,889
Grand total expenditures	680,794	1,249,601	1,885,066	4,387,124	5,360,122

SUMMARY OF REVENUES AND EXPENDITURES

(Thousands of Dollars)

—	1939-40	1940-41	1941-42	1942-43	Estimated 1943-44
	$	$	$	$	$
Ordinary revenues	541,617	859,755	1,463,824	2,182,799	2,576,677
Capital refunds	21	20	1,022	103	95
Special receipts and other credits	20,456	12,394	23,690	66,594	123,929
Total revenues	562,094	872,169	1,488,536	2,249,496	2,700,701
Ordinary expenditures	398,323	390,629	444,778	561,251	630,215
Capital expenditures	7,030	3,358	3,430	3,276	2,657
War expenditures	118,291	752,045	1,339,674	3,724,249	4,624,597
Special expenditures	89,113	42,869	63,976	31,288	37,458
Government-owned Enterprises	42,079	18,182	1,215	1,248	1,306
Other charges	25,958	42,518	31,993	65,812	63,889
Total expenditures	680,794	1,249,601	1,885,066	4,387,124	5,360,122
Total deficit or increase of direct net debt	118,700	377,432	396,530	2,137,628	2,659,421

REVENUES, 1943-44

3. Although not all figures are as yet final for the year it is anticipated that total revenues in 1943-44 will be about $2,855,701,000, a total which represents a peak never before reached in the Dominion's financial history. The increase over the previous year was $536-205,000 or 23 per cent, and over the last pre-war year, 1938-39, was $2,353,530,000, or about 469 per cent. It is interesting to note also that in the six full fiscal years ended on March 31, 1920, which embraced the war and rehabilitation periods of World War I, total revenues of the government amounted to $1,461,395,000, or only slightly more than one-half the revenue of the single year ended March 31, 1944.

The forecast of revenue given in the budget of March 2, 1943, after taking account of changes made subsequent to the budget presentation was for $2,702,200,000, which figure the actual revenue of the year exceeded by about $153,501,000. On page 16 there is given a detailed comparison of the forecast and the present estimate of actual revenue for the year. It will be noted that in some instances revenue exceeded the forecast by a considerable margin, while in others it fell short of the forecast. Further comment will be made in this connection in later paragraphs.

A prominent feature of the overall picture for the year was again the large part played by direct taxation. This form of tax is generally recognized as being most equitable, since it is possible in levying it to take account of family responsibilities in the case of the individual and impose a burden in proportion to the taxpayer's ability to meet it. When levied on corporation incomes at high rates under both the excess profits tax and the corporation income tax it assures that no abnormal or unreasonable profits should be derived from production for the war effort.

In 1943-44 the proportion of total revenue derived from the direct taxes on incomes and profits was 56·7 per cent, compared with 28·3 per cent in the last pre-war year, 1938-39.

Of the total revenue of $2,855,701,000, it is now estimated that $155,000,000 will be refunded after the war under the provisions of the Income War Tax Act and the Excess Profits Tax Act. This is in addition to the sum of $70,000,000 refundable out of taxes collected in the previous fiscal year, making a total to the end of 1943-44 of $225,000,000 repayable after the war.

4. The five-year table of revenue receipts to be found on pages 4207 and 4208 is in the same form as that of earlier years. This table is divided to show tax revenues under the appropriate headings with considerable detail given in the case of excise duties, excise taxes and

income taxes. In the following paragraphs each source is discussed in the order in which it appears in the table.

ORDINARY REVENUES

5. Revenue from customs duties for the fiscal year 1943-44 is now estimated at $167,882,000, which compares with receipts of $118,963,000 from this source during the preceding fiscal year and with the budget forecast of $100,000,000.

Prior to April 1, 1943, importations into Canada or purchases in Canada by or on behalf of allied governments were granted exemption from customs duty and as well from sales tax, excise taxes and any other taxes that would normally have applied, although purchases by the Canadian government for its own account were subject in full to all applicable taxes. With the adoption of the mutual aid programme, the Canadian government became the purchaser of a substantial amount of the munitions and other war supplies procured in Canada for the use of other governments. Since the beginning of the 1943-44 fiscal year, therefore, only those supplies which were purchased for cash in Canada by allied governments have been eligible for tax exemption and this exemption is now provided for by a drawback of duties or taxes included in the purchase price. The effect of this change in procedure was to bring within the scope of taxation a substantial volume of war supplies previously exempt from tax. At the time the budget was presented on March 2, 1943, it was not possible to take account of the probable effect of the above change in procedure in making the forecast of probable revenue receipts for the fiscal year 1943-44.. This change in procedure is the principal factor explaining the extent to which revenues from customs duties during the year were substantially higher than had been forecast or had been collected during the preceding year. The increase in the volume of imports was also somewhat greater than had been anticipated.

6. Excise duties are levied exclusively on alcoholic beverages and tobacco products. Revenue in the fiscal year 1943-44 amounted to $142,124,000, some $3,403,000 in excess of the previous year, which increase arose almost entirely from higher revenue from cigarette and tobacco consumption, particularly cigarettes, consumption of which alone increased some 5 per cent over the peak figure of the previous year. Revenue from alcoholic beverages would have shown some decline from the previous year due to the restrictions on consumption had it not been for the fact that the increased rates of tax imposed in the budget of June 23, 1942, were in effect during the whole of the fiscal year 1943-44 compared with at the most ten months in the fiscal year 1942-43.

The extent of the smokers' contribution to the federal treasury is indicated by the fact that revenue from tobacco products, taking account of the additional taxes imposed under the Special War Revenue Act on tobacco, cigars, cigarettes and on cigarette papers and tubes, amounted in the fiscal year 1943-44 to almost $140,753,000, or a sum almost one-third of the total tax revenue of the government in the last pre-war year, 1938-39.

7. The term "excise taxes" connotes in general the commodity taxes levied under the Special War Revenue Act, including the sales tax, the war exchange tax, and a group of some forty or more miscellaneous taxes on a variety of commodities. The revenue under this general heading in the fiscal year 1943-44 amounted, after deducting refunds, to $638,619,000, or $149,907,000 in excess of the previous year, and $130,419,000 in excess of the forecast. Of this increase the larger part is attributable to the sales tax and the war exchange tax, which both exceeded the forecast figure in considerable part because of the change in tax procedure resulting from the mutual aid programme which has already been discussed in section 5. It is now estimated that these two taxes contributed almost $96,345,000 to the increased revenue, whereas a slight decrease had been provided for in the budget forecast.

The balance of the increase over the previous year arose from the variety of taxes on goods and services of domestic consumption, in the case of many of which the rates either were increased in the budget of March 2, 1943, or were increased in the budget of June 23, 1942 and were effective during the full twelve months of the fiscal year 1943-44, compared with at the most ten months of the previous fiscal year. These taxes as a group yielded $214,792,000, exceeding the revenue of the previous year by $53,562,000, and the forecast by $16,592,000. The major increases arose

under the following headings (the amount shown is the increase in 1943-44 over 1942-43):

1. Cigars, cigarettes and tobacco	$28,393,000
2. Transportation and communication	6,296,000
3. Beverages (soft drinks)	4,940,000
4. Candy and chewing gum	4,418,000
5. Stamps, etc., including payment on jewellery, chinaware, cabaret attendance, etc	4,225,000
6. Tires and tubes	4,009,000
7. Purses, bags, trunks, etc	1,983,000
8. Amusements	1,635,000

Certain of these revenues, on the other hand, suffered some reduction due to curtailment of production or to rationing of domestic consumption. These sources, and the amount by which the revenue decreased, were as follows:

1. Electric and gas appliances	$ 2,004,000
2. Sugar	1,903,000
3. Phonographs, radios and tubes	700,000
4. Wines	297,000

8. The personal income tax, now the largest single source of tax revenue, yielded $813,435,000 in 1943-44, $279,297,000 or 52 per cent in excess of the combined revenue from graduated income tax and national defence tax in the previous year. It should be indicated, however, that this revenue fell below the revised budget forecast of $880,000,000 by $66,565,000, or about 7 per cent. This discrepancy may be accounted for by two factors: (a) the level of employment and incomes was slightly lower during the year than was anticipated at the time of making the budget forecast; and (b) the amount of taxes refunded during the year as a result of the cancellation of 50 per cent of the 1942 liability under the transition to the "pay-as-you-go" system was larger than had been anticipated. These refunds are deducted from the revenue of the year in which they are repaid, and the amount shown for 1943-44 has thus been reduced by the amount of such repayments.

At the present time it is estimated that the savings portion of personal income taxes levied against 1943 incomes and repayable to the taxpayer after the end of the war was in the neighbourhood of $110,000,000. It was estimated in the previous year that the corresponding amount in relation to 1942 incomes would be $50,000,000, which it is now proposed, on the basis of more complete information, to increase by an additional amount of $5,000,000. These amounts taken together thus give an estimate of the total amount refundable on the dominion's books at the end of the fiscal year 1943-44 of $165,000,000 repayable after the war in respect of the 1942 and 1943 taxation years.

9. Corporate income tax and excess profits tax, both of which are levied on business incomes, may appropriately be discussed together. Revenue from the corporate income tax amounted to $311,379,000, slightly in excess of the forecast of $300,000,000, but below revenue of the previous year by $36,591,000. This decline was due to the fact that in the previous year collections were somewhat above normal because of inauguration of the compulsory monthly plan of tax payment in July, 1942, which brought forward into the fiscal year 1942-43 revenue which under the old system of one single annual payment would not have been received until the following fiscal year. In 1943-44, as the monthly payment plan was in effect for the full twelve months, there was no comparable overlapping of revenue, and collections were reduced to a level closer to normal.

Revenue from the excess profits tax, at $468,718,000 fell substantially below the forecast of $550,000,000 for the year. This discrepancy is largely explained by the extreme difficulty of forecasting from the distance of a year in advance not only the total amount of corporation profits during a year but also the extent to which such profits are excess profits, that is, in excess of standard profits. In the present instance it can only be said that because of these difficulties, for which there does not appear to be any ready solution, a substantial error was made in forecasting excess profits tax revenue for the fiscal year 1943-44.

It is now estimated that in respect of excess profits taxes collected in the fiscal year 1943-44 an amount of $40,000,000 will be refunded after the war. This figure can only be regarded as tentative until assessment of excess profits tax returns has been completed for the year in question, and the refundable amount finally determined in each case. It will be some time however before this work will be completed, and it is felt desirable in

the interim to establish on an estimated basis an approximate figure for the amount of such refundable taxes. The addition of this $40,000,000 to the $20,000,000 set up in the previous fiscal year brings to $60,000,000 the total amount of refundable taxes as at March 31, 1944.

10. Revenue under the heading of dividends, interest, etc., is derived from the special taxes imposed on certain income under Section 9b of the Income War Tax Act. In 1943-44, this revenue amounted to $26,943,000, reduced by $1,138,000 from the previous year, and was derived for the most part from the 15 per cent tax levied on dividends and interest paid to non-residents.

11. The dominion government has levied succession duties only since 1941, and revenue from this source is only gradually reaching its full anticipated level. Such revenue amounted to $15,020,000 in 1943-44, compared with $13,273,000 in the previous year.

12. Small amounts of tax revenue are derived from the tax on note circulation of the chartered banks, which decreases from year to year with the decline in such circulation as provided by statute; from taxes on the net premium income of insurance companies, reduced considerably in 1943-44 from the previous year because in the previous year two years' revenue was collected in one following certain arrangements made under the Dominion-Provincial Tax Agreements; from a tax on the export of electrical energy from Canada; and from a tax on the export of furs from the Northwest Territories. Revenue from all these taxes amounted in 1943-44 to $7,692,000.

13. Total non-tax revenues are estimated at $139,865,000, an increase of $23,786,000 over 1942-43. Receipts from the Post Office total $61,071,000, an increase of approximately $12,200,000 which was due to the one cent increase in letter rates effective April 1, 1943, as well as to a greater volume of post-office business during the year. The receipts from the Post Office will, it is expected, exceed cost of operations by about $12,587,000 without taking into account any credit for services rendered other departments free of charge and without adding to the cost of operations, rentals and other costs of premises occupied by the Post Office. Returns on investments are expected to realize $52,152,000, an increase over the previous year of about $10,910,000. The larger items making up this total are: interest on advances to Canadian National Railways, $18,724,000; Bank of Canada profits, $14,118,000; interest on loans to Foreign Exchange Control Board, $3,467,000; interest on loans to National Harbours Board, $3,250,000; interest on loans to provinces, $2,861,000; interest on loans to Canadian Farm Loan Board, $1,092,000; Soldier Land Settlement loans, $992,000; and interest on advances made by the Department of Munitions and Supply to commodity companies, $3,970,000.

SPECIAL RECEIPTS AND CREDITS

14. The total amount shown for the fiscal year 1943-44 under this heading is $124,024,000. The items making up this total are: Special receipts, War Appropriation Acts, $81,000,000 (divided as follows: refunds of previous years' war expenditure, $32,500,000; sale of surplus war assets, $6,000,000; profits on certain war operations and miscellaneous war revenues, $42,500,000); operating surplus of the Canadian National Railways for the calendar year 1943, $35,640,000 and the capital gain on repatriation of Canadian National Railways securities, $2,430,000. These last two items increase the book valuation of the Canadian National Railways securities trust capital stock, and accordingly are offset by contra amounts appearing on the expenditure side under the heading "Other Charges".

The Canadian Pacific Railway company repaid a loan of $1,000,000 advanced under the authority of the Relief Act, 1932. This loan which was non-interest bearing was charged to non-active account and accordingly the repayment is shown as a revenue item.

Another item which is recorded under the heading of special receipts and credits is an amount of $2,971,000 representing a reduction in the reserve account established to meet the operating deficits of the Canadian Wheat Board. This adjustment is occasioned by a further improvement in the board's balance sheet based on calculations made as at July 31, 1943 with respect to the 1939 and 1940 crop accounts. This reserve account now stands at $8,816,210.36.

15. The table which follows gives a summary of the forecasts made at the time of the last budget of the probable receipts from the various sources of revenue during the fiscal year 1943-44, and a comparison of these forecasts with presently estimated receipts for the fiscal year. A comparison of presently estimated receipts with the original forecasts has already been given in respect of the major items of revenue. The increase in total receipts over the amount forecast, in terms of percentage, excluding estimated refundable portion of income and excess profits taxes, is 5·6 per cent.

DETAILED STATEMENT OF BUDGET FORECASTS COMPARED WITH PRESENT ESTIMATE FOR RECEIPTS FOR 1943-44

Source of Revenue	Budget Forecast of Receipts: From tax structure before Budget changes	Budget Forecast of Receipts: From tax structure as changed by proposals made in Budget of March 2, 1943	Receipts now estimated for 1943-44	Increase (+) or decrease (−) in receipts as compared with final budget forecast
	(Thousands of Dollars)			
Tax revenues				
Customs duties	100,000	100,000	167,882	+ 67,882
Excise duties	130,000	135,000	142,124	+ 7,124
Excise taxes:				
Sales tax	225,000	225,000	304,915	+ 79,915
War Exchange tax	85,000	85,000	118,912	+ 33,912
Other excise taxes	165,000	198,200	214,792	+ 16,592
Total excise taxes	475,000	508,200	638,619	+ 130,419
Income taxes:				
Tax on personal incomes	825,000	*880,000	813,435	− 66,565
Corporate income tax	300,000	300,000	311,379	+ 11,379
Excess profits tax	550,000	550,000	468,718	− 81,282
Interest and Dividends	26,000	26,000	26,943	+ 943
Total income taxes	1,701,000	1,756,000	1,620,475	− 135,525
Succession duties	18,000	18,000	15,020	− 2,980
Miscellaneous taxes	7,000	7,000	7,692	+ 692
Total Tax Revenues	2,431,000	2,524,200	2,591,812	+ 67,612
Non tax Revenues	130,000	138,000	139,865	+ 1,865
Total	2,561,000	2,662,200	2,731,677	+ 69,477
Special Receipts and Credits	40,000	40,000	124,024	+ 84,024
Total Revenue	2,601,000	2,702,200	2,855,701	+ 153,501
Less Refundable Taxes	210,000	225,000	155,000	− 70,000
Net Total Revenue	2,391,000	2,477,200	2,700,701	+ 223,501

* The actual revenue forecast given in the Budget Speech at March 2, 1943, was $930 millions for personal income tax revenue. The moving back of the date for filing annual returns from March 31 to April 30, which was provided for subsequent to the Budget Speech, however, resulted in a reduction in the revenue expectation for the fiscal year 1943-44 amounting to $50 millions. The figure given in the table has been adjusted to take account of this reduction.

EXPENDITURES, 1943-44

16. The comments which follow deal with expenditures classified by the usual main categories: (1) ordinary expenditures; (2) capital expenditures; (3) war expenditures; (4) special expenditures; (5) operating deficits of, and non-active advances to, government-owned enterprises; and (6) other charges. All disbursements under these headings, with the exception of active loans and investments chargeable to war appropriation acts, are included as expenditures in arriving at the over-all deficit or increase in net debt.

[Mr. Ilsley.]

ORDINARY EXPENDITURES

17. It is estimated that ordinary expenditures for the year will total $630,215,000. Of this total a few of the larger contractual and uncontrollable items, such as interest and other charges on the public debt, pensions, unemployment insurance, post office, subsidies and payments to provinces under the dominion-provincial taxation agreements represent $509,891,000 or approximately 81 per cent.

The above total of $630,215,000 is greater than the actual amount of ordinary expenditure during the previous fiscal year by $68,964,000. Some of the larger items making up this increase are:

Increased interest and charges on public debt	$59,572,000
Increase in post office expenditure	3,742,000
Increase in administrative cost of Department of National Revenue, including income tax	2,543,000
Increase in unemployment insurance	1,387,000
Increase in cost of treatment and after-care of returned soldiers (war 1914-18)	1,380,000
	$68,624,000

Less important increases, as well as decreases effected during the year, are readily ascertained by referring to the five-year table. It may be noted, however, that the increase in ordinary expenditures is due to increased expenditures made necessary by or arising out of the war.

CAPITAL EXPENDITURES

18. Total expenditures charged to capital are estimated at $2,657,000 compared with $3,276,000 in the previous year. The main items in this category are expenditures arising out of dredging the St. Lawrence ship channel, improvements in connection with civil airways and airports, and a payment in connection with the construction costs of a new Prince Edward Island car ferry.

WAR EXPENDITURES

19. Of the $4,890,000,000 appropriated by the War Appropriation Act, 1943, and the War Appropriation (United Nations Mutual Aid) Act, 1943, $4,665,192,113 was disbursed. Of this sum, $40,595,500 was for loans, advances and investments treated as active assets, and the remainder, $4,624,596,613 was classed as war expenditure. The following table lists the same classifications for the last five fiscal years.

Fiscal Year	Charged to Active Assets	War Expenditures	Total
	$	$	$
1939–40	9,092,742	118,291,022	127,383,764
1940–41	26,379,066	752,045,326	778,424,392
1941–42	42,816,676	1,339,674,152	1,382,490,828
1942–43	65,231,622	3,724,248,890	3,789,480,512
1943–44	40,595,500	4,624,596,613	4,665,192,113
	184,115,606	10,558,856,003	10,742,971,609

20. The following is a summary of the estimated disbursements from the war appropriations for the fiscal year 1943-44, distinguishing amounts classed as expenditure from those classed as active assets.

WAR APPROPRIATION ACTS—EXPENDITURE

Department of National Defence—Army Service	$1,335,445,000
" " Naval Service	369,827,000
" " Air Service	922,600,000
" Munitions and Supply	725,000,000
Miscellaneous Departments:	
Agriculture	64,757,050
Auditor General's Office	198,000
Civil Service Commission	497,000
External Affairs including Prime Minister's Office	671,000
Finance	128,470,313
Fisheries	234,040
Justice	78,000
Labour	20,254,000
Legislation—House of Commons	20,000
Mines and Resources	9,411,700
National Harbours Board	453,000
National Research Council	2,773,000
National Revenue	4,000
National War Services	15,079,400
Pensions and National Health	17,959,760
Post Office	281,000
Privy Council	851,000
Public Works	6,486,000
Royal Canadian Mounted Police	4,291,000
Secretary of State	413,250
Soldier Settlement of Canada	58,000
Trade and Commerce	9,795,800
Transport	76,085,300
Total estimated direct war expenditure under War Appropriation Act, 1943	$3,711,993,613
The War Appropriation (United Nations Mutual Aid) Act, 1943	912,603,000
Total war expenditure	$4,624,596,613

ACTIVE ASSETS

Purchase of railway equipment:	
1941 order	3,295,000
1942 order	17,366,500
Acquisition of all issued capital stock of Eldorado Mining and Refining, Limited	5,272,000
King's Printer advance account	883,000
Canadian Wool Board, Limited	13,779,000
Total active loans, advances and investments from the war appropriation, 1943-44	$ 40,595,500
Total disbursements from war appropriations, 1943-44	$4,665,192,113

21. The table in the preceding section does not include recoverable outlays made under the provisions of section 3 of the War Appropriation Act which are also classed as active assets rather than expenditure. Under this section, the Government of Canada may act as the agent of an allied government for any purpose which will aid directly or indirectly in the prosecution of the war and any obligations or costs incurred temporarily or assumed may be paid out of unappropriated moneys in the Consolidated Revenue Fund. Furthermore, any expenditure required to be made by the Government under any contract for war supplies entered into for the purpose of enabling any company wholly owned by

the government to fulfil its obligations in respect of orders received by such company from an allied government may also be paid out of unappropriated moneys. The amount disbursed under this authority during the fiscal year 1943-44 are included in the loans and investments described in sections 33 to 48.

22. The principal items of war expenditure have already been detailed in the table on page 4210, where the comparable items for the last five fiscal years are also shown. In this connection there are two points worth noting in comparing 1943-44 expenditures with the corresponding figures of the previous year—both of which concern the Department of National Defence for Air. The first is the large increase in the expenditure for the Overseas War Establishment, from $23,666,000 in 1942-43 to an estimated $384,725,000 in 1943-44. This is largely explained by the increase in the number of squadrons for which the dominion has assumed responsibility, involving an increased expenditure of approximately $308,000,000, and by the arrangement whereby Canada has assumed the responsibility for the pay of all R.C.A.F. personnel overseas, resulting in a further increase in expenditure approximating $50,000,000. The second point is the substantial decrease in the charges under the British Commonwealth Air Training Plan —from $366,897,000 in 1942-43 to $225,550,000 in 1943-44. This apparent decrease merely reflects the apportionment of the costs as between Canada and the United Kingdom; the gross expenditure for the Plan for 1943-44 totals approximately $496,500,000 but approximately $270,950,000 has been deducted and treated as a recoverable advance to the Government of the United Kingdom in accordance with the responsibilities assumed by the two governments under the terms of the Agreement. This sum of $270,950,000 is an adjustment for the United Kingdom's share of the expenditures made by Canada between July 1, 1942 and March 31, 1944; offsetting it there is an estimated total of $93,000,000 in credits to the United Kingdom in this account for other adjustments during the same period under the terms of the Agreement.

23. The table which follows gives a more detailed account of the estimated expenditures during 1943-44 from the war appropriation (excluding Mutual Aid, of which more will be said later). The expenditures of the three armed services and their supply department, the Department of Munitions and Supply, are of course the principal components; they are estimated at 90·3 per cent of the total. It is not possible, however, to fight an all-out war without involving nearly every department of government in war activities of one kind or another as this table clearly shows.

ESTIMATED WAR EXPENDITURES BY DEPARTMENTS AND SERVICES, FISCAL YEAR 1943-1944

Agriculture—			
Agriculture—			
Agricultural Supplies Board—			
Administration	$ 31,000		
Programmes to encourage production of essential war supplies	719,000		
Assistance in disposal of agricultural products rendered surplus by the war	1,875,000		
Feeds administrator	23,697,000		
Flax fibre administrator	27,000		
Fertilizers and pesticides administrator	1,129,000		
Seeds administrator	260,000		
		$ 27,738,000	
Meat Board		4,019,000	
Dairy Products Board		32,000	
Special Products Board		1,754,050	
Agricultural Food Board		31,195,000	
Special farm income payments		19,000	
			$ 64,757,050
Auditor General—			
Auditing and checking war appropriation accounts			198,000
Civil Service Commission—			
Supply of personnel for war services		488,000	
Payment of minimum rate railway fare *re* stenographers and typists		9,000	
			497,000
External Affairs—			
Departmental administration and passport offices		316,000	
Representation abroad		85,000	
United nations relief and rehabilitation administration		55,000	
Legation building and residence—Chungking, China		127,000	
Sundries		88,000	

Finance—			
Payment of premium on purchase of Dominion of Canada registered stock		$ 13,000	
Comptroller of the Treasury's Office		8,365,000	
Wartime Prices and Trade Board—			
Administration	$ 13,735,000		
Canadian Wool Board, Ltd.	221,000		
Commodity Prices Stabilization Corporation—Administration and Subsidies	81,552,000		
		95,508,000	
Payments to millers and manufacturers of wheat products		20,500,000	
Old Age Pensions including pensions to the blind		3,062,000	
Conversion of large dwellings into multiple housing units		846,000	
Administration of Employees Instalment Purchase Plan, Victory Loans		126,000	
Freight on shipments of scrap steel		29,000	
Sundries		21,313	
			$ 128,470,313
Fisheries—			
Subsidies for the construction of packer-seiner vessels		122,000	
Subsidies for the construction of dragger vessels		22,000	
Construction, etc., of experimental long line vessel		47,000	
Expenses *re* supply of frozen fish for British Ministry of Food		11,000	
Bonus to crews of fisheries vessels in war zones		15,000	
Salt Fish Export Regulations—administration		15,000	
Sundries		2,040	
			234,040
Justice—			
Defence of Canada regulations		20,000	
War Measures Act		4,000	
Penitentiaries Branch—			
Purchase of materials *re* manufactures for war departments		54,000	
			78,000
Labour—			
Industrial training for war work		3,528,000	
Training of young men for aircraft manufacturing, etc.		1,361,000	
War emergency training—administration		39,000	
Vocational training for discharged members of the Canadian armed forces		137,000	
National War Labour Board		453,000	
Wartime Bureau of Technical Personnel		169,000	
Personnel management training		20,000	
National Selective Service—			
Office of Director	$ 726,000		
Mobilization Division	3,224,000		
Manpower records	162,000		
Expenses of work done by Unemployment Insurance Commission	4,875,000		
National Registration—Administration	390,000		
Payments to Post Office *re* delivery of mobilization orders	4,000		
		9,381,000	
Co-ordination of shiploading and unloading operations—Halifax		67,000	
Stabilization of longshore labour, Halifax		461,000	
Universities—Accelerating courses and loans to students		205,000	
Construction of central dispatching office, Halifax		56,000	
Canteen for longshoremen at deepwater terminals, Halifax		20,000	
General labour transference in war industries and agriculture		312,000	
Harvest assistance to provinces		519,000	
British Columbia Security Commission		2,450,000	
Organization and operation of day nurseries, etc.		99,000	
Japanese Wood Projects Account—Revolving Fund		500,000	
Prisioners of War Labour Projects Account—Revolving Fund		225,000	
Army Labour Account—Revolving fund		100,000	
Compulsory transfer of ex-coal mine workers back to the coal industry		99,000	
Sundries		53,000	
			20,254,000

Legislation—			
Accountable advance to Empire Parliamentary Association		$	20,000
Mines and Resources—			
Mines and Geology—			
Development of tar sands	$ 900,000		
Geological surveys	32,000		
Oil explorations	154,000		
Strategic minerals—exploration and development work	118,000		
New metallurgical laboratory	189,000		
Explosives division—Administration of regulation *re* explosives	25,000		
Assistance to provinces *re* transportation facilities to various wartime mining projects	136,000		
Lands, Parks and Forests—			
Metallic Minerals Division—Services to war departments	236,000		
Sundries	5,000		
		$ 1,795,000	
National Parks Bureau—			
Alternative service work camps	162,000		
Dominion Forest Service—			
Alternative service work camps	89,000		
Alternative service work camps, B.C.	249,000		
Internment and prisoners of war operations	37,000		
Forest Products Laboratories	30,000		
Bureau of Northwest Territories and Yukon Affairs—			
Expenses of liaison officers Alcan and Canol projects	6,000		
Sundries	7,000		
		580,000	
Surveys and Engineering—			
Engineering and Construction Service—			
Alternative service work camps	10,000		
Prince Rupert - Terrace - Cedarvale highway	5,750,000		
Employment of persons of the Japanese race and Japanese nationals	896,000		
Sundries	29,100		
		6,685,100	
Immigration—			
Canadian interests in enemy and enemy controlled territory	245,000		
Canadian interests abroad apart from enemy controlled territory	7,000		
Grants to National Advisory Committee for children from overseas	4,000		
Repatriation of wives and dependents of members of the Canadian forces overseas	39,000		
Evacuation of Canadian citizens from the Far East	16,000		
Sundries	40,600		
		351,600	
			9,411,700
Munitions and Supply—			
Administration		10,000,000	
Expansion of war industry		710,000,000	
Acquisition of United Kingdom interest in war plants		5,000,000	
			725,000,000
National Defence—Army Services			
Departmental administration		1,421,000	
Dependents' Allowance Board		673,000	
Dependents' Supplementary Grants Fund		2,747,000	
Army		1,319,035,000	
Internment operations		1,024,000	
Inspection Board—United Kingdom and Canada		10,545,000	
			1,335,445,000
National Defence—Naval Services			
Navy		369,400,000	
Royal Canadian Sea Cadets		393,000	
Temporary Building—Cartier Square, Ottawa		34,000	
			369,827,000

National Defence—Air Services		
Mome War Establishment	$ 312,200,000	
Overseas Establishment	384,725,000	
Departmental Adminstration, Air	125,000	
British Commonwealth Air Training Plan	225,550,000	
		$ 922,600,000
National Harbours Board—		
Halifax—Operation of fire boat *Rouille*	58,000	
Extension of pier 9, Richmond Terminal	4,000	
Moorings for ships under repairs	8,000	
Installation of additional car dumpers at terminal grain elevator	128,000	
Special fire protection	102,000	
Saint John—Acquisition, etc., of heavy lift crane equipment	151,000	
West side wooden pile dock	2,000	
		453,000
National Research Council—		
Special war activities	2,690,000	
Extension of heating plant at Montreal Road Laboratories	83,000	
		2,773,000
National Revenue—		
Censorship of newspapers and other publications		4,000
National War Services—		
Departmental administration	71,000	
War Charities—general	56,000	
War Charities—Auxiliary Services	10,912,000	
Salvage Division	172,000	
Women's Voluntary Services	35,000	
Canadian Firefighters for United Kingdom	755,000	
Canadian Prisoners of War Next-of-Kin Division	12,000	
Committee on Co-operation in Canadian Citizenship	9,000	
Censorship Division	1,727,000	
Government Office Economies Control	11,000	
Canadian Broadcasting Corporation — Short Wave Station	210,000	
National Film Board—		
Special War Library	32,000	
Purchase of supplies revolving fund	13,000	
Wartime Information film program	815,000	
Training and equipping cameramen for active service	118,000	
Purchase of equipment for the production of war films	54,000	
Sundries	77,400	
		15,079,400
Pensions and National Health—		
Treatment—		
Defence Force	6,456,000	
Royal Canadian Mounted Police	96,000	
Pensions—Defence Forces	5,637,000	
Air Raid Precautions	1,724,000	
Investigations—Dependents' Allowance Board	70,000	
Inspection of industrial plants	19,000	
Laboratory of hygiene	20,000	
Public Health Engineering	30,000	
Food and Drugs	10,000	
Quarantine Service	74,000	
Committee on demobilization	5,000	
Rehabilitation benefits	473,000	
Processing of blood for dried serum	601,000	
Maintenance of non-residence seamen	34,000	
Detention Allowances—Canadian seamen	370,000	
Additions, alterations and improvements to departmental hospitals	1,564,760	
Reserve Stores—Revolving account	40,000	
Addition—John Street Laboratories, Ottawa	11,000	
Grants to the Canadian Nurses Association	200,000	
Hospital Unit adjacent to Ottawa Civic Hospital	158,000	
Acquisition of land—Westminster Hospital, London, Ont.	203,000	
Chlorination of water systems—		
Pacific Coast	38,000	
Dawson Creek—Water Supply	90,000	
Sundries	36,000	
		17,959,760

Post Office—			
Canadian Postal Corps			$ 281,000
Privy Council—			
Statutory Orders and Regulations Division		$ 36,000	
Committee on reconstruction		41,000	
Wartime Information Board		764,000	
Expenses of Special Commissioner for defence projects in the Northwest		10,000	
			851,000
Public Works—			
Chief Architect's Branch—			
Calgary—Purchase of the Traders' building, and alterations	$ 64,000		
Edmonton—Purchase of Massey-Harris building, etc.	71,000		
Ottawa—			
Extension to Jackson building (including purchase of land)	7,000		
To provide for completion of temporary buildings Nos. 5, 6, 7 and addition to No. 1	4,000		
Temporary building No. 8 (Carling Avenue)	159,000		
Hostels for junior employees in the public service—construction and furnishings	151,000		
Temporary building for Royal Canadian Mounted Police, north of Justice building	6,000		
Office building, shooting range, etc., for National Research Council	9,000		
Temporary Building for W.P.T.B., Sussex Street	271,000		
Addition to film vaults, John and Sussex Streets	14,000		
Armoury accommodation for Canadian Officers' Training Corps Units	53,000		
Converting furnaces in public buildings from oil to coal firing	12,000		
Repairs, alterations, operation and maintenance of buildings	2,222,000		
Rental of premises occupied for war purposes	1,766,000		
Furniture, etc. for war employees	618,000		
Sundries	15,000		
		5,442,000	
Chief Engineer's Branch—			
Saint John Harbour (Courtenay Bay), N.B.—dredging	195,000		
Ste. Anne de Bellevue, Que.—Military Hospital	11,000		
Esquimalt, B.C.—Dry Dock	35,000		
Seymour Narrows, B.C.—Removal of ripple rocks and construction of dam	345,000		
North Sydney, N.S.—Reconstruction of wharf and terminal facilities	43,000		
Post-War Construction Program—			
Preparation of plans	11,000		
Sundries	8,000		
		648,000	
Telegraph Branch—			
To provide for a 24-hour telegraph service on the Pacific Coast	$ 78,000		
Telephone service and unforeseen	318,000		
		396,000	
			6,486,000
Royal Canadian Mounted Police—			
Increased activities of the force due to the war		4,193,000	
Securities control		98,000	
			4,291,000
Secretary of State—			
Board of Management—Hostels for female employees		50,000	
Expenses in connection with the Quebec conference		355,000	
Sundries		8,250	
			413,250

Soldier Settlement—			
Purchase of right-of-way, etc. *re* Canada-Alaska Highway			$ 58,000
Trade and Commerce—			
Canadian Shipping Board		$ 70,000	
Export Permit Branch		137,000	
Shipping Priorities Branch		41,000	
Revolving Chartering Fund		250,000	
Gift of wheat to Greece		8,798,000	
Steamship Stabilization Fund		499,000	
Canadian Export Board		800	
			9,795,800
Transport—			
Departmental administration		25,000	
Transport Controller's Office		291,000	
Director of Merchant Seamen, including administration, Manning Pools, nautical schools and welfare facilities		1,316,000	
Air Service—Special radio interception and monitoring service, etc.—			
Radio service	$ 1,740,000		
Meteorological service	1,388,000		
Municipal terminal airports	325,000		
Moncton-Newfoundland airline	877,000		
Montreal (Dorval) airport, additional facilities	658,000		
Civil Aviation—Extra airport control	411,000		
Canadian Government Trans-Atlantic Air Service	200,000		
Acquisition of airfields and works from United States Government	66,600,000		
		72,199,000	
Canals service		15,000	
Marine service—			
Aids to navigation, including lightships	101,000		
Refloating and repairing "Cornwallis"	544,000		
Marine Service Steamers	253,000		
Reconditioning "Chesterfield"	36,000		
Nautical services	47,000		
Degaussing equipment for Canadian vessels	380,000		
Compensation to crews of Canadian vessels for loss of personal effects	55,000		
Expenses *re* C.G.S. Montcalm to Russia	1,000		
Purchase, etc., of machinery and equipment for l'Ecole des Arts et Metiers de Rimouski	45,000		
Repatriation of Canadian seamen	300		
		1,462,300	
Railway Service—			
Additional harbour and terminal facilities at Halifax	393,000		
Construction of buildings at Saint John for the United Kingdom	72,000		
Construction of explosives pier, Halifax, N.S.	182,000		
Acquiring properties in Canada for U.S. Government	130,000		
		777,000	
			76,085,300
Total estimated direct War Expenditure, 1943-44, under War Appropriation Act			3,711,993,613

24. Out of the $1,000,000,000 appropriated for Mutual Aid purposes, $912,603,000 was spent by March 31, 1944. Of this amount $723,754,000 was for the United Kingdom, $20,960,000 for Australia, $874,000 for the British West Indies, and $482,000 for India. Expenditures for Russia were $23,282,000, and for China $4,102,000 despite the difficulties of transportation to that country. The remainder, except for a relatively small sum ($25,472.14) for administrative expenses, was spent for goods that were still in transit at March 31st, and not finally allocated among the recipient nations. The table on the following pages gives some further details as to both the distribution among countries and the type of aid involved in each case.

ANALYSIS OF EXPENDITURES IN 1943-44 UNDER THE MUTUAL AID ACT

(Thousands of Dollars)

—	United Kingdom	Australia	India	British West Indies	U.S.S.R.	China	In Transit	Total
Munitions—								
Aircraft and parts	34,532	742						35,274
Automotive equipment and mechanical transport	81,139	556			702	159	129,713	212,269
Tanks and other fighting equipment	43,522				617	93	5,082	49,314
Chemicals and explosives	12,275	102			4,134			16,511
Guns and small arms	61,262	1				364		61,627
Shells and ammunition	80,341	6				2,346	3,480	86,173
Merchant vessels—construction, repairs and servicing	159,048	1,300						160,348
Naval vessels and equipment	12,298						105	12,403
Miscellaneous equipment and stores	59,703	3,789			3,004	1,129	554	68,179
Aluminum		1			6,821			6,822
Other base metals	3,097	211			3,951			7,259
Locomotives and railway rolling stock	822							822
Freight	6,681	600			119	11		7,411
Total Munitions	554,720	7,308			19,348	4,102	138,934	724,412
Food and Farm Products—								
Meat and meat products	89,613							89,613
Fish	7,569							7,569
Dairy products	18,535							18,535
Wheat and flour	44,396		482	874	2,791			48,543
Eggs and other foods, etc	8,921							8,921
Total Food, etc	169,034		482	874	2,791			173,181
Services—								
Shipping services					1,143		190	1,333
Training of Airmen under the B.C.A.T.P		13,652						13,652
Total Services		13,652			1,143		190	14,985
Total Aid, excluding administration	723,754	20,960	482	874	23,282	4,102	139,124	912,578
Administration								25
Grand Total								912,603

SPECIAL EXPENDITURES

25. Expenditures classified as Special Expenditures for the fiscal year 1943-44 are estimated to total $37,458,000 compared with $31,288,000 for 1942-43. The largest single item, $30,097,000, represented payments of awards to farmers under the wheat acreage reduction plan administered by the Department of Agriculture. Administration costs of the plan amounted to $814,000. Advances to the Prairie Farm Emergency Fund and the costs of administration under the Prairie Farm Assistance Act are estimated at $2,578,000 and $217,000 respectively. Expenditure for Dominion relief projects and the Dominion's share of outstanding Dominion-Provincial relief projects amounting to $3,752,000 accounted for the remainder of the expenditures under this heading.

GOVERNMENT-OWNED ENTERPRISES

This classification of expenditures comprises the losses of and non-active advances to Government-owned Enterprises which were established before the war and are operated as separate corporations. As the Canadian National Railways has shown substantial annual surpluses since 1940, charges to this account since the fiscal year 1940-41 have been of minor importance, the total for 1943-44 being $1,306,000.

CANADIAN NATIONAL RAILWAYS

26. The operating revenues of the Canadian National Railways for the calendar year 1943 totalled $440,616,000, an increase of $64,961,000, or 17·3 per cent over the former high record established in 1942.

Operating expenses of the railway amounted to $324,476,000, an increase of $35,477,000 or 12·3 per cent over the preceding year. In addition to the normal operating expenses for the year, the sum of $19,069,000 was appropriated from revenue for Pension Reserve.

After deducting the appropriation of $19,069,000 above referred to from the net operating revenue of $116,140,000, there remained a balance of $97,071,000. Various accounts consisting of taxes, equipment and joint facility rents totalled $15,437,000, leaving the net railway operating income at $81,634,000. Other income, less deductions, amounted to $3,668,000, and accordingly the net income available for payment of interest amounted to $85,302,000. After payment of interest charges of $30,998,000 on debt held by the public and interest charges of $18,665,000 due to the Government in respect of temporary loans for capital and refunding purposes, there was a net cash surplus of $35,639,000. This cash surplus was paid over to the Government in redemption of loans and advances.

The operating deficit of the Prince Edward Island Car Ferry and Terminals during 1943 was $698,000.

CANADIAN NATIONAL STEAMSHIPS

27. The operations of the Canadian National (West Indies) Steamships Limited in the calendar year 1943 resulted in an operating profit of $1,303,610. After payment of $521,700 for bond interest and exchange, the remainder, $781,910, was paid to the Government as interest on advances (current and arrears). The amount received on account of 1942 profits was $781,215.

NATIONAL HARBOURS BOARD

28. The operating income of the National Harbours Board for the calendar year 1943, after payment of interest to the public but before depreciation and interest on Government advances totalled $4,596,917 compared with $4,118,127 in 1942. Interest on government advances received during the year amounted to $3,250,069.

Financial assistance provided by the Government to the National Harbours Board and charged as expenditure under the heading of Government-owned Enterprises totalled $608,000, made up as follows: $29,000 for the operating deficit of the Churchill Harbour; $370,000 for non-active advances in respect of the deficit of the Jacques Cartier Bridge at Montreal; $41,000 for the retirement of maturing debentures of the Saint John Harbour Commission; and for capital expenditures, Saint John Harbour, $153,000; Halifax Harbour, $14,000 and Three Rivers, $1,000. Expenditures charged to the War Appropriation are shown under "War".

The elevators at Port Colborne and Prescott operated at a profit during 1943 and the Government received $97,905 from these sources.

OTHER CHARGES

29. The total of Other Charges, the final main category of expenditures, is estimated at $63,889,000.

Included in this total is $25,000,000 which has been added to the reserve to meet possible losses on ultimate realization of assets treated as "active" in the Dominion balance sheet. This is the same amount as was provided for in the Public Accounts for the last

three fiscal years and the total now provided to meet such possible losses is therefore $100,000,000. The annual write-off from active assets of Soldier and General Land Settlement Loans amounted to $553,000, and cancellation of Canadian Farm Loan Board Capital Stock amounted to $5,000. These two write-offs, and the provision for the further reserve of $25,000,000 resulted in a proportionate increase in the net debt of the dominion.

The total write-off from non-active assets includes two items: (a) $232,000 written off from the Canadian National Railways Securities Trust Stock representing line abandonments for the calendar year 1943; and (b) $29,000 representing the estimated yearly established losses on Seed Grain and Relief accounts administered by the Department of Mines and Resources. As both these items are non-active assets and are therefore already included in the net debt of Canada, they are offset by similar amounts on the Revenue side under "Other Receipts and Credits."

The remaining debit items, classified as Other Charges, and totalling $38,070,000, relate to the Canadian National Railways Securities Trust Stock. The value of this stock which represents the dominion's equity in the Canadian National Railways was increased by $35,640,000 due to the surplus earnings of the System for 1943 and also by $2,430,000 due to the capital gain in respect of Canadian National Railways sterling securities redeemed during the year at a price below par in Canadian funds. The Canadian National Railways Securities Trust Stock is carried in the dominion's books as a non-active asset, and as the two items just mentioned necessarily appear as credits under the heading Special Receipts and Credits, the net debt of Canada is not thereby changed.

SUMMARY OF EXPENDITURES

30. The grand total of expenditure for the fiscal year 1943-44 under the various categories enumerated, namely Ordinary Expenditures, Capital Expenditures, War Expenditures, Special Expenditures, Losses of and non-active advances to government-owned enterprises, and Other Charges, is estimated at $5,360,122,000.

31. The following table shows the percentage distribution of estimated revenues and expenditures for a number of important items. Receipts from various taxes and other revenue sources, after deducting the $155,000,000 of income and excess profits taxes estimated as refundable after the war, are shown as percentages both of total revenues and of total expenditures. Similarly, several of the main items of expenditure or groups of such items are shown as percentages both of total expenditures and of total revenues. The purpose of this table is to enable broad conclusions to be drawn as to the relative burdens imposed on the public treasury by the war and the main services or obligations of government.

PERCENTAGE DISTRIBUTION OF ESTIMATED REVENUES AND EXPENDITURES, 1943-44

(Thousands of Dollars)

Revenues	Amount (estimated)	Percentage of total Revenues	Percentage to total Expenditures
Ordinary Revenue—	$	%	%
Income Tax	1,036,757	38·39	19·34
Excess Profits Tax	428,718	15·88	8·00
Sales Tax (net)	304,915	11·29	5·69
Manufacturers', transportation and communication, stamp taxes, etc	214,792	7·95	4·01
Customs Import Duties	167,882	6·22	3·13
Excise Duties	142,124	5·26	2·65
War Exchange Tax	118,912	4·40	2·22
Succession Duties	15,020	0·56	0·28
Other tax revenues	7,692	0·28	0·14
Total revenue from taxes after deducting refundables	2,436,812	90·23	45·46
Non-tax revenues	139,865	5·18	2·61
Total ordinary revenues	2,576,677	95·41	48·07
Special receipts and other credits	124,024	4·59	2·31
Grand Total Revenues	2,700,701	100·00	50·38

PERCENTAGE DISTRIBUTION OF ESTIMATED REVENUES AND EXPENDITURES, 1943-44

(Thousands of Dollars)

Expenditures	Amount (estimated)	Percentage of total Expenditures	Percentage to total Revenues
Ordinary Expenditure—	$	%	%
Interest on Public Debt	242,681	4·53	8·99
Cost of loan flotations and amortization charges	19,285	0·36	0·71
Public Debt Charges	261,966	4·89	9·70
Subsidies to provinces	14,449	0·27	0·53
Compensation to provinces under taxation agreements	95,435	1·78	3·53
Old Age Pensions	30,377	0·56	1·12
Pension and after-care of soldiers (War 1914-18)—			
Pensions, war and military	38,998	0·74	1·44
Treatment and after-care of returned soldiers	14,069	0·26	0·52
Total	53,067	1·00	1·96
Agriculture	8,856	0·16	0·33
Labour	18,604	0·35	0·70
Legislation	2,734	0·05	0·10
Mines and Resources	10,596	0·20	0·39
National Revenue	17,733	0·33	0·66
Post Office	48,484	0·91	1·80
Public Works	12,339	0·23	0·46
Royal Canadian Mounted Police	6,681	0·12	0·25
Transport	17,529	0·33	0·65
All other	31,365	0·58	1·16
Total Ordinary Expenditure	630,215	11·76	23·34
Capital Expenditure	2,657	0·05	0·10
War Expenditure	4,624,597	86·28	171·23
Special Expenditure—relief, prairie farm assistance including wheat acreage reduction	37,458	0·70	1·39
Government Owned Enterprises	1,306	0·02	0·05
Other Charges—			
Write down of assets	25,819	0·48	0·95
Canadian National Railways Securities Trust Stock	38,070	0·71	1·41
Total Other Charges	63,889	1·19	2·36
Grand Total Expenditures	5,360,122	100·00	198·47

It should be noted that many expenditures attributable to the war are not charged to the war appropriation; for example all the interest on the public debt and practically all the expenses of war-expanded departments like the Post Office and National Revenue are charged to Ordinary Expenditure. So-called non-war expenditures have therefore increased substantially during the war despite the fact that the controllable portion has been cut from $112,900,000 in 1938-39 to an estimated $106,400,000 in 1943-44—a decrease of 5·8 per cent—as the following table shows:—

ANALYSIS OF NON-WAR EXPENDITURE (1)
(Millions of Dollars)

	Fiscal Years Ended March 31:					
	1939	1940	1941	1942	1943	1944 (2)
1. Grand Total Expenditure	553·1	680·8	1,249·6	1,885·1	4,387·1	5,360·1
2. *Less* War Expenditure (3)	.....	118·3	752·0	1,339·7	3,724·2	4,624·6
3. Total Non-War Expenditure (1)	553·1	562·5	497·6	545·4	662·9	735·5
Deduct Uncontrollable Items: (4)						
4. Unemployment Insurance (5)	.....	.....	0·1	9·6	16·1	17·5
5. Public Debt Charges	133·1	134·6	145·7	171·6	202·5	262·0
6. Pensions, Superannuation, etc	74·1	75·0	74·2	73·0	72·4	72·0
7. National Revenue Department	11·9	12·1	12·2	13·4	15·2	17·7
8. Post Office Department	35·5	36·7	38·7	41·5	44·7	48·5
9. Subsidies, and Payments to Provinces under Taxation Agreements.	21·2	19·2	19·2	35·5	108·7	109·9
10. National Defence Department	34·4	13·2	0·2	0·3	0·4	0·1
11. Special Expenditure	71·9	89·1	42·9	64·0	31·3	37·5
12. C.N.R. Operating Deficits	54·3	40·1	17·0			
13. Adjustment of C.N.R. Securities Trust Stock for Net Income Surpluses and Capital Gains	.....	.....	5·5	4·1	36·1	38·1
14. Write-down of Assets	3·8	23·3	29·9	27·9	29·7	25·8
15. Total to be Deducted (4 to 14)	440·2	443·3	385·6	440·9	557·1	629·1
16. All Other Non-War Expenditure, (6) (3 minus 15)	112·9	119·2	112·0	104·5	105·8	106·4

(1) All expenditure not charged to war appropriations.
(2) Estimated amounts.
(3) Expenditure charged to war appropriations.
(4) Including services initiated or expanded during the war as a matter of policy, such as Unemployment Insurance; certain expenditure showing increases largely attributable to the war, such as those of the Departments of National Revenue and Post Office; contractual items; expenditures classed as "Special" (mostly for relief purposes); and certain bookkeeping adjustments.
(5) The Government's contribution and the cost of administration.
(6) Controllable expenditures not specially affected by the war. Note, however, that the war has increased the costs of many of the services concerned, for example by necessitating cost-of-living bonuses.

OVERALL DEFICIT

32. As total revenues for the fiscal year 1943-44 have been shown as $2,700,701,000 and total expenditures as $5,360,122,000, the estimated overall deficit (or increase in net debt) for the year is $2,659,421,000.

LOANS AND INVESTMENTS

ACTIVE ASSETS

33. In addition to the estimated expenditures for the year as already outlined, disbursements are made for the acquisition of investments which are treated as active assets in the Public Accounts. The active assets are deducted from the total direct debt in arriving at the figure of net debt. The net increase in active loans and investments for 1943-44 was $119,314,000 compared with an increase of $523,791,000 in 1942-43. The net increase is fully itemized in the table in section 48.

LOANS TO PROVINCES

34. As was shown in the Public Accounts for the fiscal year ended March 31, 1943, loans made to the Western Provinces under authority of relief legislation and outstanding at the close of that year totalled $156,775,604.70. Repayments received during the year totalled $312,548.70 as follows: Manitoba $153,589.82; Saskatchewan $42,648.83; Alberta $26,500 and British Columbia $89,810.05. The repayments left the net amount outstanding as of March 31, 1944, at $156,463,056.00, divided by Provinces as follows:—

Manitoba	$ 24,774,950 27
Saskatchewan	71,247,784 25
Alberta	25,907,000 00
British Columbia	34,533,321 48
	$156,463,056 00

35. During the year the Province of Nova Scotia repaid $37,000, the last of its indebtedness to the dominion on account of Housing Loans made at the close of the last war (1914-18). This repayment by Nova Scotia completely liquidates all such loans made following the last war.

36. Subsidy overpayment to the Province of Alberta secured by a Treasury Bill of the Province was reduced during the year by a payment by the province of $50,000, thereby reducing this indebtedness to $350,000.

CANADIAN NATIONAL RAILWAYS

37. In the fiscal year the Canadian National Railways made net repayments to the government in the amount of $3,907,096, classified as follows:—

Repayments—	
Application of 1943 Net Income Surplus—	
Advances—Financing and Guarantee Act, 1941	$ 6,634,425
Advances—Financing and Guarantee Act, 1942	5,754,914
Advances—Refunding Act, 1938	22,622,073
Advances—War Appropriation Acts—Capital purposes in connection with oil drilling campaign	628,000
Total Net Income Surplus	$35,639,412
Surplus available from Depreciation Reserves and Debt Discount Amortization after providing for capital expenditures during 1943—Applied to advances under the Refunding Act, 1938	5,877,327
Financing and Guarantee Act, 1941—Purchase of securities from Canadian holders	1,323,604
Total Repayment of Loans	$42,840,343
Repayment of instalments under Hire-Purchase Agreements:—	
1936 Agreement	$ 517,173
1940 Agreement	991,968
1941 Agreement	1,382,634
Total Equipment Repayments	$ 2,891,775
Total Repayments of Loans and Equipment Repayments	$45,732,118
Advances—	
Under Canadian National Railways Refunding Act, 1938—for retirement of maturing issues	$17,200,637
Under Canadian National Railways Financing and Guarantee Act, 1940—Purchase of Grand Trunk Railway Company of Canada 4% Perpetual Consolidated Debenture Stock	1,180,150
Under Canadian National Railways Financing and Guarantee Acts, 1941 and 1942—Purchase of Securities from Canadian holders	78,022
Under the War Appropriation (United Kingdom Financing) Act, 1942—Purchase of Securities from Government of the United Kingdom	2,111,460
Under the War Appropriation Act, 1943—for capital purposes in connection with oil drilling campaign	593,000
Total Advances by way of loan	$21,163,269
Equipment purchased by Government and leased to Railway under Hire-Purchase Agreements:—	
1941 Agreement	$ 3,295,250
1943 Agreement	17,366,503
Total Equipment Purchased	$20,661,753
Total Loans and Equipment Purchased	$41,825,022
Net Repayments of Loans and Equipment Purchased	$ 3,907,096

OTHER LOANS AND INVESTMENTS

38. Additional advances totalling $185,000,000 were made to the Foreign Exchange Control Board during the fiscal year bringing its total indebtedness to the Dominion to $585,000,000, this amount being shown as an active asset on the Dominion's balance sheet.

39. The Canadian dollar obligation of the Government of the United Kingdom under authority of The War Appropriation (United Kingdom Financing) Act, 1942 totalling $700,000,000 was reduced during the year by $42,392,000 leaving a balance outstanding of $657,608,000.

40. Pursuant to an agreement between Canada and the Union of Soviet Socialist Republics for the purchase of Canadian wheat and flour, a further advance on credit was made during the year of $9,083,000. In 1942-43, $917,000 was advanced. Thus, the total credit of $10,000,000 has now been made use of.

41. Accountable advances were made during the year to the Commodity Prices Stabilization Corporation Limited, the Canadian Wool Board Limited and Wartime Salvage Limited. The amounts which have been taken into the accounts as Active Assets represent cash and inventory holdings of the corporations as at March 31, 1944. The balance of advances made are included as war expenditures. The assets with respect to each corporation as of March 31, 1944 were:

The Commodity Prices Stabilization Corporation	$19,505,000
The Canadian Wool Board	23,745,000
Wartime Salvage Limited.....	321,000

42. Advances to Commodity Corporations and other Companies by the Department of Munitions and Supply were reduced during the year by repayments of $7,272,000, leaving a balance outstanding of $44,474,000.

43. The Canadian Farm Loan Board during the fiscal year repurchased from the Government out of surplus funds $5,000,000 of its 3½ per cent bonds due January 2, 1960, reducing the total amount of its bonds held by the Government to $21,700,000.

44. In the period from April 1, 1943, to March 31, 1944, 1,647 loans were approved under the National Housing Act for an amount of $5,209,745, bringing the total approvals to March 31, 1944, to $83,995,217. In this period the Dominion advanced $921,730, and borrowers' repayments amounted to $1,454,032.28, making net repayments for the period of $532,302.28. The net amount of loans under the authority of the National Housing Act and the Dominion Housing Act, estimated to be outstanding on the books of the Dominion at March 31, 1944, is $15,960,689.67. Loans under the authority of the National Housing Act are made jointly by the Government and approved lending institutions, and are secured by first mortgage or hypothec, running jointly to the Government and an approved lending institution. Previous to December 8, 1942, loans were normally made not in excess of 80 per cent of the cost or appraised value of the completed property whichever was the lesser. In the case of owner-occupied houses, where the lending value did not exceed $2,500, a loan might be made up to 90 per cent of the said lending value. On December 8, 1942, an Order in Council was passed enabling loans to be made up to 90 per cent of the lending value for any house where the lending value does not exceed $3,200, and on a sliding scale down to 80 per cent when the lending value does not exceed $4,000. Since January 1, 1940, new applications for loans are received only in respect of the construction of houses containing one self-contained dwelling place and where the loan does not exceed $4,000.

45. Under the Municipal Improvements Assistance Act, 1938, total loans approved to March 31, 1944, less amounts not required to complete projects, aggregated $7,036,000. The net amount outstanding as at March 31, 1944, totalled $5,711,000, being a net reduction from the previous fiscal year of $30,000. These loans bearing interest at the rate of 2 per cent per annum are amortized over a period not longer than the estimated useful life of the project. The province in which the municipality is situated guarantees the payments for interest on, and amortization of, each loan.

46. Small amounts only were advanced during the fiscal year to the National Harbours Board for capital construction purposes at the ports of Montreal and Vancouver, totalling in all $14,000. Repayments of loans made in previous years amounted to $141,000, leaving a net credit for the year of $127,000. In addition, $140,000 was advanced for Churchill Harbour under Section 28 of the National Harbours Board Act, 1936, and repaid six days later with interest at the rate of three per cent per annum.

47. Loans for Soldier and General Land Settlement were reduced during the fiscal year by payments of $1,537,000. In addition, $553,000 was written off and charged to Consolidated Fund.

48. The following statement shows in summary form the net estimated changes in active investments for the current year, together with comparable figures for the four preceding years. It should be noted, however, that this statement does not include certain of the recoverable advances made under authority of section 3 of the War Appropriation Acts, as described in section 21 on page 4220; they are excluded from the statement because they will be substantially offset by amounts payable by Canada to allied governments. Accounts of this nature which show increases during the year with the increase in each case, were: (1) Department of Agriculture, purchase of food for United Kingdom, $13,246,000; (2) Department of Munitions and Supply, purchase of munitions for India, $2,782,000; (3) Department of National Defence for United Kingdom and other Allied Governments, (a) Army, $8,987,000; (b) Navy, $8,839,000 and (c) Air, $203,586,000 and (4) Department of Transport for British Air Ministry, $94,000. On the other hand, the Department of Munitions and Supply account for War Supplies, Limited, was reduced during the year by $11,884,000.

LOANS AND INVESTMENTS, ACTIVE

(Thousands of Dollars)

—	1939-40	1940-41	1941-42	1942-43	Estimated 1943-44
Foreign Exchange Control Board	—	325,000	400,000	Cr. 325,000	185,000
Government of The United Kingdom, The War Appropriation (United Kingdom Financing) Act, 1942	—	—	—	700,000	Cr. 42,392
Government of The Union of Soviet Socialist Republics	—	—	—	917	9,083
Canadian Wool Board, Limited	—	—	—	9,966	13,779
Wartime Salvage Limited	—	—	—	560	Cr. 239
Commodity Prices Stabilization Corporation	—	—	—	21,056	Cr. 1,551
Department of Munitions and Supply—					
Advances to commodity corporations and other companies	—	9,891	24,657	17,198	Cr. 7,272
Canadian Farm Loan Board	2,288	838	Cr. 975	Cr. 2,500	Cr. 5,000
Dominion and National Housing Acts—Loans	4,393	3,805	2,644	239	Cr. 532
Municipal Improvements Assistance Act, 1938—Loans	3,111	1,718	332	Cr. 236	Cr. 30
Provinces—Housing Loans, 1919	Cr. 699	Cr. 1,634	Cr. 740	Cr. 94	Cr. 37
Provinces—under relief legislation	12,566	1,514	Cr. 217	Cr. 499	Cr. 313
Province of Saskatchewan Power Commission	—	58	Cr. 4	Cr. 4	Cr. 4
Province of Alberta—Subsidy overpayment	—	—	—	Cr. 69	Cr. 50
National Harbours Board	947	Cr. 333	Cr. 980	Cr. 267	Cr. 127
Canadian National Railways	21,479	105,573	251,723	127,632	Cr. 21,676
Soldier and General Land Settlement Loans	Cr. 1,116	Cr. 1,139	Cr. 1,521	Cr. 1,641	Cr. 1,537
Railway equipment purchased	8,135	14,781	Cr. 1,586	2,094	17,770
Sinking Funds	Cr. 2,798	Cr. 61,963	Cr. 5,233	—	—
Canadian Broadcasting Corporation	700	Cr. 364	Cr. 283	Cr. 503	—
Canadian Pacific Railway	Cr. 211	Cr. 211	Cr. 981	—	—
Central Mortgage Bank Capital Stock	250	—	—	—	—
Canadian Government Merchant Marine	—	750	Cr. 750	—	—
Net Advances	49,045	398,284	666,086	548,849	144,872
Less write-offs—					
Soldier and general land settlement loans	−1,643	−1,011	−271	−51	−553
Canadian Farm Loan Board—Capital stock	−11	−12	−10	−7	−5
Loans to Province of Saskatchewan—Drought Area Relief, 1934-35	−1,374	—	—	—	—
Reserve for possible losses on ultimate realization of active loans and advances	—	−25,000	−25,000	−25,000	−25,000
Net change in active investments	46,017	372,261	640,805	523,791	119,314

LOAN FLOTATIONS

49. In the fiscal year ended March 31, 1944, the Dominion issued in the domestic market securities in an estimated amount of $3,680,737,146. This amount includes the net increase of $60,000,000 in Treasury Bills outstanding and the net decrease of $30,000,000 in Deposit Certificates outstanding, but does not include the amount of recurring issues of Treasury Bills and Deposit Certificates made to refund similar securities during the year.

[Mr. Ilsley.]

It is estimated that in the fiscal year $894,951,042 of Dominion obligations matured or were called for redemption, leaving the sum of $2,785,786,104 less cost of flotations, available for direct and indirect war expenditures.

50. The following table gives the details of the issues sold during the year, divided as to original issue by sales to the Bank of Canada, the chartered banks and the general public (it does not include the $33,293,471 4 per cent School Lands Debentures which were again renewed for one year):

LOAN FLOTATIONS, 1943–44

——	Issue Date 1943	Maturity Date	Interest Rate	Price to Government	Yield at Price to Government	Total Amount Issued	Renewals or Conversions included in Amount Issued	Amount Issued for cash
			%	$	%	$	$	$
Treasury Bills (net increase)						60,000,000		60,000,000
Sold to Bank of Canada								
One Year Notes	April 15	April 15, 1944	1	100 00	1·00	250,000,000	250,000,000	
Two Year Notes	July 2	July 2, 1945	1½	100 00	1·50	56,000,000	56,000,000	
						306,000,000	306,000,000	
Sold to Chartered Banks								
Two Year Notes	July 2	July 2, 1945	1½	100 00	1·50	394,000,000	194,000,000	200,000,000
Deposit Certificates (net decrease)(1)			¾	100 00	0·75	−30,000,000		−30,000,000
						364,000,000	194,000,000	170,000,000
Sold to General Public								
Fourth Victory Loan	May 1	Nov. 1, 1946	1½	99 50	1·90	197,455,000		197,455,000
Fourth Victory Loan	May 1	May 1, 1957	3	99 29	3·06	1,111,261,650		1,111,261,650
Fifth Victory Loan	Nov. 1	May 1, 1947	1¾	(2)	(2)	(3)373,259,000		
Fifth Victory Loan	Nov. 1	Jan. 1, 1959	3	(2)	(2)	(3)1,197,318,300	195,591,500	(3)1,374,985,800
War Savings Certificates and Stamps			(4)3	100 00	(4)3·00	37,157,202		37,157,202
Non-Interest Bearing Certificates				100 00		992,523		992,523
						2,917,443,675	195,591,500	2,721,852,175
Grand Total						3,647,443,675	695,591,500	2,951,852,175

(1) Deposit Certificates—

Amount outstanding March 31, 1943	$ 820,000,000
Amount issued April 1, 1943–March 31, 1944	1,630,000,000
	2,450,000,000
Less Amount redeemed April 1, 1943–March 31, 1944	1,660,000,000
Amount outstanding March 31, 1944	790,000,000
Decrease during year	$ 30,000,000

(2) Final costs of Fifth Victory Loan not yet available.
(3) Estimated amount issued.
(4) Yield to investor if held to maturity, seven and one-half years after issue date.

51. In the fiscal year under review the Fourth and Fifth Victory Loans were sold, both being larger than any previous loan sold for cash in Canada. The Fourth Victory Loan was sold entirely for cash in the amount of $1,308,716,650, the number of subscriptions being 2,668,420. The Fifth Victory Loan was sold in the amount of $1,374,985,800 for cash and $195,591,500 in conversion of bonds maturing or called for redemption on October 15, 1943. The number of cash subscriptions was 3,008,336 and the number of conversion subscriptions was 24,715.

52. The following table gives the details of Dominion of Canada estimated bond redemptions in the fiscal year ended March 31, 1944:

DOMINION OF CANADA BOND REDEMPTIONS, 1943-44

Maturity or Call Date	Interest Rate	Where Payable	Amount
	%		$
April 15, 1943	1	Canada	250,000,000
June 1, 1943	2½	Canada	20,000,000
July 1, 1943	4	Canada	33,293,471
July 2, 1943	1½	Canada	250,000,000
August 16, 1943 (1)	2¼	New York	30,000,000
August 15, 1943 (2)	2½	New York	76,000,000
October 15, 1943	5	Canada	147,000,100
October 15, 1943 (3)	4	Canada	88,337,500
October 1, 1947 (4)	2½	London	86,164
May 1, 1955 (5)	3¼	London	74,619
Sept. 1, 1958 (5)	4	London	96,001
July 1, 1963 (5)	3¼	London	63,187
Total			894,951,042
Less amounts renewed or converted (6)			728,884,971
Provided from cash resources			166,066,071

(1) Maturity date January 15, 1944, called for redemption on August 16, 1943
(2) Maturity date August 15, 1945, called for redemption on August 15, 1943.
(3) Maturity date October 15, 1945, called for redemption on October 15, 1943.
(4) This issue was vested by the Treasury of the United Kingdom in January, 1942. The amount (at par of exchange) purchased in the fiscal year 1943-44 was cancelled.
(5) These issues were vested by the Treasury of the United Kingdom in August, 1941. The amounts (at par of exchange) purchased in the fiscal year 1943-44 were cancelled.
(6) Total from previous table $695,591,500 and School Lands Debenture Stock viz. $33,293,471.

53. The fortnightly issue of three months' Treasury Bills was continued during the fiscal year. The last issue in the fiscal year was sold at a discount of ·387 per cent. The lowest rate on this class of financing was obtained on the March 3, 1944 issue, viz., ·386 per cent. The amount of Treasury Bills outstanding at the close of the fiscal year was $360,000,000, an increase of $60,000,000 during the year.

54. The average rate of interest on the Dominion's direct funded debt (including Treasury Bills and Deposit Certificates) outstanding on March 31, 1944, was estimated at 2·57 per cent. This compares with 2·60 per cent on the debt outstanding at the close of the preceding year.

CASH DEFICIENCY

55. It may be in order here to summarize the cash transactions of the Dominion before going on to the final sections, which will deal with the national debt and the statement of estimated assets and liabilities at March 31, 1944. The purpose is, firstly, to correlate the information already given, and, secondly, to show the total requirements for cash during 1943-44 and the ways in which those requirements were met. The table which follows gives such a summary. In general, it differs from what has already been given in the way that a statement of receipts and payments differs from a statement of revenue and expenditure; the footnotes give such information as is required for reconciliation. It should be noted that it includes as "active loans, advances, investments, etc." some items that do not appear in the statement of active loans and investments on page 4234. That statement treated only items which may properly be described as investments, in the sense that they represent agreed contractual amounts, whereas this table includes such items as recoverable advances and payments on behalf of other governments, where the total liability may not yet be finally determined and without any allowance for possible offsetting claims which the other party may have to present.

The table follows:

ESTIMATED REQUIREMENTS FOR AND SOURCES OF CASH, FISCAL YEAR 1943-44(1)

(Millions of Dollars)

REQUIREMENTS FOR CASH			
Non-War Requirements(2)—			
Expenditure—			
Interest on the public debt	$ 242·7		
Payments to provinces under the tax agreements	95·4		
Other Ordinary Expenditure(3)	281·4		
		$ 619·5	
Capital Expenditure		2·7	
Special Expenditure		37·5	
Government Owned Enterprises		1·3	
Total Non-War Cash Expenditure(3)(4)		661·0	
Outlay that increased Assets or Decreased Liabilities—			
Active loans, advances, investments, etc.—			
Bond Holding Account (including repatriated securities and bonds held under instalment purchase plans)	150·4		
Canadian National Railways(5)	−24·1		
Other (net)	−7·4		
Sub-total	118·9		
Cost of loan flotations, portion to be amortized	17·1		
Reduction of New York indebtedness(6)	126·8		
Less purchase price of decrease in holdings of gold and U.S. dollars(7)	−115·6		
		147·2	
			$ 808 2
War Requirements(2)—			
Expenditure—			
Department of National Defence—			
Army	$ 1,335·4		
Navy	369·8		
Air Force	922·6		
Department of Munitions and Supply	725·0		
Other departments	359·2		
Total War Appropriation Act	$ 3,712·0		
The War Appropriation (United Nations Mutual Aid) Act 1943	912·6		
		$ 4,624·6	
Outlay that Increased Assets or Decreased Liabilities—			
Active loans, advances, investments, etc.—			
Department of National Defence recoverable advances	221·4		
Foreign Exchange Control Board	185·0		
Canadian National Railways(5)	20·3		
Other (net)	−27·3		
Sub-total	399·4		
Reduction in revolving fund balances (8)	30·8		
Reduction of London indebtedness(6)	0·4		
Less purchase price of decrease in holdings of sterling balances(7)	−22·1		
		408·5	
			$ 5,033·1
Total Requirements for Cash			$ 5,841·3
SOURCES OF CASH			
Revenue—			
Ordinary Revenue—			
Customs duties, excise duties, and excise taxes	$ 948·6		
Personal income tax	813·4		
Corporate income tax	311·4		
Excess profits tax	468·7		
Other tax revenue	49·7		
Total tax revenue	$ 2,591·8		
Post Office revenue	61·1		
Return on investments	52·2		
Other Ordinary Revenue(9)	29·3		
Gross Ordinary Revenue(9)	$ 2,734·4		
Less estimated refundable portion of personal income tax and excess profits tax	−155·0		
		$ 2,579·4	
Capital Refunds		0·1	
Special Receipts and Credits (10)		82·6	
			$ 2,662·1

ESTIMATED REQUIREMENTS FOR AND SOURCES OF CASH, FISCAL YEAR 1943-44.
(Millions of Dollars)—*Concluded*

SOURCES OF CASH—*Concluded*

Other Receipts—			
Estimated refundable portion of personal income tax and excess profits tax		$ 155·0	
Net receipts in trust, insurance, and superannuation accounts		50·1	
Miscellaneous receipts and credits—net		39·0	
			244·1
Borrowing in Canada—			
New Issues of Funded Debt—			
Treasury Bills, net increase	$ 60·0		
Chartered banks, net	170·0		
General public(11)	2,732·0		
		$ 2,962·0	
Less Maturities paid off in cash		−59·7	
Net increase in funded debt		$ 2,902·3	
Less net decrease in floating debt		−8·8	
Net increase in funded and floating debt		$ 2,893·5	
Decrease in Cash Balances held in domestic currency		41·6	
Total of borrowing plus decrease in cash balances (equals "cash deficiency")			$ 2,935·1
Total sources of Cash			$ 5,841·3

FOOTNOTES

(1) "Cash" and "non-cash" transactions are sometimes difficult to define; for example, interest payments to certain trust and other accounts are left on deposit with the Receiver General. Those here treated as non-cash are limited to adjustments to the valuation of assets and liabilities, and the amortization of loan flotation charges.

(2) War requirements means outlays under the war appropriation acts and such other accounts as obviously relate to the war; non-war means all other requirements.

(3) Excluding the amortization of bond discounts and commissions, $10·7 million.

(4) Excluding the write-down of assets, $25·8 million. and adjustments of the valuation of C.N.R. Securities Trust Stock due to the net income surplus and capital gain, $38·1 million.

(5) For details see page 72. The advances treated as relating to the war are those for the repatriation of sterling securities, those for the oil drilling campaign, and the purchase of equipment leased to the railway under the terms of the 1940 and subsequent agreements.

(6) Including both matured and unmatured funded debt, and the premium or discount on foreign funds.

(7) This represents that portion of the outlays that was met out of foreign exchange previously accumulated, and therefore was not a requirement for Canadian dollars during 1943-44. The figures exclude changes in funds held for special purposes.

(8) In effect this is expenditure deferred from 1942-43.

(9) Adjusted by the addition of $2·7 million (net) with respect to Premium, Discount and Exchange, arising out of the fact that foreign exchange is valued at par on the balance sheet, but is valued at current levels for the purpose of this table.

(10) Excluding the adjustment of the reserve against losses of the Canadian Wheat Board, the entry recording the increase in value of the C.N.R. Securities Trust Stock as a result of the net income surplus and the capital gain, and the contras to the write-down of non-active assets, all of which total $41·3 million.

(11) Includes the increase in value of War Savings Certificates during the year due to interest accruals, $10·2 million.

The significant thing is that, whereas the budgetary deficit for 1943-44 is estimated at $2,659,400,000, the cash deficiency (that is, the excess of cash outlays over cash receipts other than from borrowing) was approximately $2,935,100,000. It is the latter sum, and not the former, which had to be met by borrowing from the Canadian people. (It is true that in fact some of the deficiency appears to have been met by drawing down free cash available at the start of the year, but when cash requirements exceed cash receipts the change in cash is a residual item dependent largely on the timing of borrowing operations.)

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NATIONAL DEBT

56. It is estimated that the gross unmatured funded debt (including Deposit Certificates and Treasury Bills) of the Dominion outstanding at the close of the fiscal year 1943-44 will amount to $10,689,491,000. Other liabilities consisting chiefly of Annuities, Superannuation and Insurance Funds, Post Office Savings Bank deposits, and various trust and contingent funds outstanding as at the same date are estimated at $1,841,097,000. The gross liabilities of the dominion therefore are expected to total $12,530,588,000 as

at March 31, 1944. On the other side of the balance sheet will be found active assets estimated at $3,688,318,000, consisting of cash and various active loans and investments, less a reserve of $100,000,000 to provide against ultimate loss on their realization. If, therefore, we deduct the amount of the net active assets from the amount of the gross liabilities, we arrive at a figure of $8,842,270,000, representing the estimated net debt of the Dominion as at March 31, 1944. This net debt shows an increase over the corresponding figure for the close of the preceding fiscal year of $2,659,421,000, which of course is the estimated amount of the over-all deficit for the fiscal year 1943-44.

57. The following is a preliminary statement showing the liabilities and assets of the Dominion at March 31, 1944 as estimated:

LIABILITIES—MARCH 31, 1944

(estimated)

(Thousands of Dollars)

Bank Circulation Redemption Fund		$ 3,273
Post Office Money Orders, Postal Notes, etc., outstanding		6,554
Post Office Savings Bank Deposits		28,287
Insurance and Superannuation Funds—		
Government Annuities	$ 213,600	
Insurance Fund—Civil Service	17,002	
Insurance Fund—Returned Soldiers	22,102	
Retirement Fund	19,004	
Superannuation Funds	69,472	
Unemployment Insurance Fund	190,299	
		531,479
Trusts Funds—		
Indian Funds	15,793	
Common School Funds	2,678	
Contractors' Securities Deposits	4,997	
Other Trust Funds	38,000	
		61,468
Contingent and Special Funds		843,000
Department of Munitions and Supply—		
United Kingdom Cash Receipts—Canadian Mutual Aid Board		27,511
United Kingdom—Ministry of Supply		3,771
Department of National Revenue—		
Income and Excess Profits Taxes refundable after the war		224,981
Province Debt Accounts		11,920
Funded Debt, Treasury Bills and Deposit Certificates unmatured	10,689,491	
Floating Debt—		
Funded Debt matured and outstanding	19,613	
Interest due and outstanding	19,240	
Outstanding cheques	60,000	
		10,788,344
		$ 12,530,588

ASSETS—MARCH 31, 1944

Cash, working capital advances and other current assets	$ 563,274
Special Deposits	2,895
Bank of Canada Capital Stock	5,920
Central Mortgage Bank Capital Stock	250
Foreign Exchange Control Board Loan	585,000
Government of The United Kingdom—Loan under The War Appropriation (United Kingdom Financing) Act, 1942	657,608
Department of Munitions and Supply—	
Advances to commodity corporations and other companies	44,474
Recoverable Advances—War Supplies Limited	71,158
Government of India—Munitions	2,782
Wartime Prices and Trade Board—	
Commodity Prices Stabilization Corporation, Limited	19,505
Canadian Wool Board, Limited	23,745
Wartime Salvage, Limited	321

ASSETS—MARCH 31, 1944—*Concluded*

(estimated)

(Thousands of Dollars)

Recoverable Advances from United Kingdom and other Allied Governments—		
Agriculture		$ 20,000
National Defence—Army		12,700
Navy		16,750
Air		370,000
Transport—British Air Ministry		303
Canadian Farm Loan Board—Advances and Capital Stock		29,025
Canadian National (West Indies) Steamships, Limited—Loan		450
Dominion and National Housing Acts—Loans		15,961
Municipal Improvements Assistance Act, 1938 Loans		5,711
New Westminster Harbour Commission—Loan		275
Loans to Provinces—		
Unemployment Relief Loans	$ 156,463	
Province of Saskatchewan—Power Commission	46	
Province of Alberta—Subsidy overpayment	350	
		156,859
Loans to National Harbours Board—		
Montreal	60,000	
Vancouver	25,023	
		85,023
Loans to Foreign Governments—		
Greece	6,525	
Roumania	24,329	
Government of The Union of Soviet Socialist Republics	10,000	
		40,854
Railway Accounts—		
Canadian National Railways—		
Advances, Refunding Act, 1938	99,842	
Advances, Financing and Guarantee Act, 1940—Grand Trunk Railway Debenture Stock	107,597	
Advances, Financing and Guarantee Act, 1941—Purchase of securities	8,643	
Advances, Financing and Guarantee Act, 1942—Purchase of securities	18,263	
Temporary Loan, The War Appropriation Act, 1941	13,907	
Advances, The War Appropriation (United Kingdom Financing) Act, 1942—Purchase of securities	255,036	
		503,288
Purchase of equipment leased to—		
Canadian National Railways—		
1936 Agreement	3,620	
1940 Agreement	11,904	
1941 Agreement	19,357	
1942 Agreement	17,366	
		52,247
Soldier and General Land Settlement Loans		30,107
Seed Grain and Relief Advances		2,357
Canadian Government Railways Working Capital		16,772
Bond Holding Account (including repatriated securities and bonds held under instalment purchase plans)		184,624
Province Debt Accounts		2,296
Unemployment Insurance Investment Account—Bonds and accrued interest		184,368
Unamortized Discount and Commission on Loans		81,416
		3,788,318
LESS—Reserve for possible losses on ultimate realization of active loans and advances		100,000
		3,688,318
Net Debt, March 31, 1944 (estimated)		$ 8,842,270

NET DEBT—MARCH 31, 1944

(estimated)

(Thousands of Dollars)

Net Debt represented by—		
(A) Expenditures for Capital Purposes and Non-Active Assets (estimated) March 31, 1944—		
Public Works—		
Canals		$ 240,257
Railways		426,384
Miscellaneous		313,213
Military Property and Stores		12,617
Territorial Accounts		9,896
Canadian Pacific Railway (old)		62,791
Canadian National Railways Securities Trust Stock		336,681
Canadian National Railway Stock		18,000
Loans—Non-Active—		
Canadian National Steamships		13,707
National Harbours Board—		
Chicoutimi	$ 3,838	
Churchill	10	
Halifax	12,486	
Montreal (Jacques Cartier Bridge)	5,565	
Quebec	27,766	
Saint John	16,999	
Three Rivers	3,742	
		70,406
Soldier and General Land Settlement		16,526
Seed Grain and Relief Advances		275
Saskatchewan Seed Grain Loans Guarantee Act, 1936		2,637
Seed Grain Loans Guarantee Act, 1937		7,136
Miscellaneous Non-Active Accounts		2,536
		1,533,062
(B) Consolidated Fund—		
Balance, Consolidated Fund brought forward from March 31, 1943	$ 4,689,572	
Excess of expenditure over revenue, less amounts charged under A above, fiscal year ended March 31, 1944 (estimated)	2,619,636	
		7,309,208
		$ 8,842,270

58. The following table shows the various obligations included in the unmatured funded debt of the dominion estimated to be outstanding as at March 31, 1944, and the annual interest charges thereon:

UNMATURED FUNDED DEBT AND TREASURY BILLS AS AT MARCH 31, 1944 AND ANNUAL INTEREST THEREON

Date of Maturity	Rate Per Cent	Where Payable	Amount of Loan	Annual Interest Charges
1944, April 15	1	Canada	$ 250,000,000 00	$ 2,500,000 00
April 15	1½	Canada	100,000,000 00	1,500,000 00
June 1	2	Canada	90,625,000 00	1,812,500 00
July 1	4	Canada	33,293,470 85	1,331,738 83
Sept. 1	1½	Canada	150,000,000 00	2,250,000 00
Oct. 15	4½	Canada	50,000,000 00	2,250,000 00
Oct. 16	1½	Canada	200,000,000 00	3,000,000 00
Nov. 15	2½	Canada	20,000,000 00	500,000 00
1945, Mar. 1	2	Canada	105,000,000 00	2,100,000 00
July 2	1½	Canada	450,000,000 00	6,750,000 00

UNMATURED FUNDED DEBT AND TREASURY BILLS AS AT MARCH 31, 1944 AND ANNUAL INTEREST THEREON—*Concluded*

Date of Maturity	Rate Per Cent	Where Payable	Amount of Loan	Annual Interest Charges
1946, Feb. 1	4½	Canada	45,000,000 00	2,025,000 00
May 1	1¾	Canada	144,253,000 00	2,524,427 50
Nov. 1	1¾	Canada	197,455,000 00	3,455,462 50
Dec. 15	2	Canada	193,286,000 00	3,865,720 00
1947, May 1	1¾	Canada	*373,259,000 00	6,532,032 50
Oct. 1	2½	London	172,030 01	4,300 75
1948, Jan. 15	2½	New York	30,000,000 00	750,000 00
Feb. 1	3½	Canada	50,000,000 00	1,625,000 00
Mar. 1	2¼	Canada	269,879,000 00	6,072,277 50
1949, Feb. 1	3½	Canada	50,000,000 00	1,625,000 00
June 1	3½	Canada	33,500,000 00	1,088,750 00
Oct. 15	3½	Canada	138,322,000 00	4,841,270 00
1950, Feb. 1	3½	Canada	50,000,000 00	1,625,000 00
1951, Feb. 1	3¼	Canada	50,000,000 00	1,625,000 00
June 15	3	Canada	643,534,250 00	19,306,027 50
Nov. 15	3½	Canada	60,000,000 00	1,950,000 00
1952, Feb. 1	3¼	Canada	50,000,000 00	1,625,000 00
Oct. 1	3	Canada	324,945,700 00	9,748,371 00
Oct. 15	4	Canada	56,191,000 00	2,247,640 00
1953, Jan. 15	3	New York	30,000,000 00	900,000 00
1954, Mar. 1	3	Canada	669,658,900 00	20,089,767 00
1955, May 1	3½	London	5,092,478 51	165,505 55
June 1	3	Canada	40,000,000 00	1,200,000 00
June 1	3	Canada	55,000,000 00	1,650,000 00
1956, Nov. 1	4½	Canada	43,125,700 00	1,940,656 50
Nov. 1	3	Canada	847,136,050 00	25,414,081 50
1957, May 1	3	Canada	1,111,261,650 00	33,337,849 50
Nov. 1	4½	Canada	37,523,200 00	1,688,544 00
1958, Jan. 15	3	New York	30,000,000 00	900,000 00
June 1	3	Canada	88,200,000 00	2,646,000 00
Sept. 1	4	London	3,435,663 63	137,426 55
Nov. 1	4½	Canada	276,687,600 00	12,450,942 00
1959, Jan. 1	3	Canada	*1,197,318,300 00	35,919,549 00
Nov. 1	4½	Canada	289,693,300 00	13,036,198 50
1960, Oct. 1	4	New York	100,000,000 00	4,000,000 00
1961, Jan. 15	3½	New York	48,000,000 00	1,560,000 00
1963, July 1	3½	London	3,705,478 17	120,428 04
1966, June 1	3¼	Canada	54,703,000 00	1,777,847 50
Sept. 15	3	Canada	55,000,000 00	1,650,000 00
1967, Jan. 15	3	New York	55,000,000 00	1,650,000 00
1968, Nov. 15	3	New York	40,000,000 00	1,200,000 00
1944, April 14 Treasury Bills	·407	Canada	55,000,000 00	223,850 00
April 28 Treasury Bills	·401	Canada	55,000,000 00	220,550 00
May 12 Treasury Bills	·390	Canada	55,000,000 00	214,500 00
June 2 Treasury Bills	·386	Canada	65,000,000 00	250,900 00
June 16 Treasury Bills	·387	Canada	65,000,000 00	251,550 00
June 30 Treasury Bills	·387	Canada	65,000,000 00	251,550 00
April 4 Deposit Certificates	·75	Canada	70,000,000 00	525,000 00
April 11 Deposit Certificates	·75	Canada	100,000,000 00	750,000 00
April 18 Deposit Certificates	·75	Canada	105,000,000 00	787,500 00
Aug. 29 Deposit Certificates	·75	Canada	57,100,000 00	428,250 00
Sept. 5 Deposit Certificates	·75	Canada	88,920,000 00	666,900 00
Sept. 12 Deposit Certificates	·75	Canada	128,980,000 00	967,350 00
Sept. 19 Deposit Certificates	·75	Canada	110,000,000 00	825,000 00
Sept. 26 Deposit Certificates	·75	Canada	130,000,000 00	975,000 00
1945, June 15 Non-Interest Bearing Certificates	.....	Canada	7,738,617 38	—
1947, June 15 Non-Interest Bearing Certificates	.....	Canada	2,305,907 89	—
War Savings Certificates	†3	Canada	232,957,190 30	6,988,715 71
War Savings Stamps	.....	Canada	*7,232,271 25	—
			10,689,490,757 99	274,291,929 43

Payable in Canada	$ 10,344,085,107 67	96·77%
Payable in New York	333,000,000 00	3·11%
Payable in London	12,405,650 32	0·12%
	$ 10,689,490,757 99	100·00%

* Preliminary figure. † 3 per cent on purchase value if held to maturity (7½ years from date of issue).

INDIRECT LIABILITIES

59. Bonds and debenture stocks bearing the guarantee of the dominion and outstanding in the hands of the public totalled $699,443,-345 as at March 31, 1944, or a decrease of $17,-466,516 during the fiscal year under review. This decrease is occasioned mainly by the redemption on February 1, 1944 of a Canadian National Railway Company bond issue in the amount of $15,500,000 by means of a loan from the government.

60. There were also outstanding at the close of the fiscal year other contingent liabilities assumed under Relief, Seed Grain and other legislation.

61. Guaranteed bank advances to the Canadian Wheat Board outstanding at March 31, 1944, on account of wheat amounted to $21,-622,710. This amount constitutes the Board's gross liability to the banks and is related to the purchase of wheat for the 1943 crop.

62. By Order in Council passed in 1943 the Canadian Wheat Board was empowered to deal in sunflower seed and rape seed. In order to finance these operations, guaranteed bank loans were obtained from certain chartered banks. The amount of such advances outstanding on March 31, 1944, was $214,783, all in respect of sunflower seed.

63. Under the terms of an Order in Council dated February 16, 1943, the Commodity Prices Stabilization Corporation, a Government-owned corporation, was authorized to guarantee certain advances and interest thereon obtained by any person from a chartered bank in order to purchase coal, coke or briquettes in the summer of 1943. The liability of the Corporation is limited to fifteen per cent of the aggregate amount of advances made by each bank, but the maximum amount of guarantee is $500,000. The contingent liability of the Corporation at March 31, 1944, was $51,369.

64. Under the terms of an Order in Council dated August 11, 1943, the Commodity Prices Stabilization Corporation was authorized to guarantee certain advances, obtained by any person engaged in the production of logs or lumber, from a chartered bank. The liability of the Corporation is limited to twenty-five per cent of the aggregate advances made by each bank. The contingent liability of the Corporation at the close of the fiscal year was $174,153.

65. Under the terms of an Order in Council dated May 4, 1943, the government guaranteed bank overdrafts obtained by certain crown companies and management-fee companies doing business under the Department of Munitions and Supply. Prior to the establishment of this system of financing, funds advanced by the government to the contractors remained idle for considerable periods. The amounts of the various overdrafts are repaid monthly; so no liability is outstanding at the close of the fiscal year in connection with this guarantee. The maximum amount of guarantees authorized at March 31, 1944, was $190,985,000.

66. Before operations under the Home Improvement Loans Guarantee Act were discontinued (October 30, 1940) 125,724 loans had been made by banks and other approved loaning institutions to home owners under the terms of this Act and the total amount of such loans was $49,959,055. The dominion's contingent liability arising out of these loans is limited to 15 per cent of the aggregate of such loans made by approved lending institutions, but as the balance of these loans on March 31, 1944, was $811,652.26, the contingent liability of the government is limited to this amount. Up to March 31, 1944, 1,224 loss claims for an aggregate amount of $446,234.17 had been paid. In terms of total losses to total volume of loans, this loss ratio is only ·893 of one per cent.

67. Under the provisions of the Appropriation Act No. 5, 1942, the home extension plan was started. It provided for loans not exceeding in the aggregate $2,000,000 by banks under regulations similar to those of the Home Improvement Loans Guarantee Act for the purpose of financing the creation of additional self-contained housing units by alterations or additions to a building used solely or partially as a dwelling at the time application is made for the loan. To March 31, 1944, 56 loans for a total amount of $106,475.28 had been made. The dominion's contingent liability arising out of these loans amounted to 15 per cent of the aggregate of such loans made by the banks or $15,971.29. There have been no claims for loss made by the banks.

68. Under the Dominion Housing Act, 1935, and the National Housing Act, 1938, the dominion has accepted and is accepting certain obligations arising out of its contracts with approved lending institutions which, while not

expressed in the form of a guarantee, may nevertheless be regarded as contingent or indirect liabilities.

The manner in which losses in respect of any loan are to be borne by the dominion and the lending institution is fixed by the contract. The general principle is that the dominion bears two-thirds of the loss if at the time the loss is sustained the principal amount of the loan repaid, less any other amounts due, is equal to or less than the amount advanced by the dominion and one-third of the loss if at the time the loss is sustained the principal amount repaid, less any other amounts due, is more than the amount advanced by the dominion. In the case of small loans (that is, loans not in excess of $4,000 in the case of a single family dwelling or not in excess of $700 per habitable room in the case of a multiple family dwelling) the share of the loss to be borne by the dominion is not more than 80 per cent and not less than 50 per cent of the loss. The above provisions apply to loans made under both the National Housing Act, and its predecessor Act, the Dominion Housing Act. Under the National Housing Act, a new provision was added to encourage the making of small loans in such small or remote communities and in such districts of other communities as may be designated by the Minister of Finance in any contract. In respect of such loans, the dominion has agreed in contracts with certain lending institutions to pay losses sustained by any such lending institution up to certain amounts determined by the contract which are not less than 7 per cent and do not exceed 25 per cent of the total amount of such loans made in such areas by each such lending institution.

Order in Council of December 5, 1939, provided that after January 1, 1940, applications would be received only for loans for the construction of houses containing one self-contained dwelling place and where the loan does not exceed $4,000.

An amount of $2,000,000 was appropriated for the fiscal year 1943-44, to provide for advances under the National Housing Act, not exceeding with the advance made jointly by the approved lending institution, $3,200 in respect of any one house, for the construction of houses where the minister is satisfied that permanent houses can be constructed to relieve a serious housing shortage without threatening to create post-war surplus. Loans to the number of 20,831 have been approved at March 31, 1944, under the Dominion Housing Act, 1935, and the National Housing Act, 1938, in the amount of $83,995,217. Losses recorded and paid to March 31, 1944, amounted to $2,644.78, covering the dominion's proportion of the loss on seven loans. This amount represents total losses to date under both the Dominion Housing Act, 1935, and Part I of the National Housing Act, 1938. These losses are offset in part by a profit of $497.74 realized by the sale of eleven properties. The net loss to March 31, 1944, is therefore only $2,147.04.

69. The following is a statement of bonds and debenture stocks and other indebtedness guaranteed by the dominion outstanding on March 31, 1944:

BONDS AND DEBENTURE STOCKS GUARANTEED BY THE DOMINION GOVERNMENT AS AT MARCH 31, 1944

Date of Maturity	Issue	Interest Rate	Estimated Amount Outstanding
		%	$
May 1, 1944	Canadian National	3	35,000,000
Jan. 15, 1946	Canadian National	2¼	15,000,000
July 1, 1946	Canadian Northern	6½	23,754,000
April 1, 1948	New Westminster Harbour Commissioners	4¾	700,000
Dec. 15, 1950	Canadian National	3	50,500,000
Sept. 1, 1951	Canadian National	4½	48,022,000
Feb. 1, 1952	Canadian National	3	20,000,000
Aug. 1, 1952	Saint John Harbour Commissioners	5	667,953
Feb. 15, 1953	Canadian National	3	25,000,000
July 10, 1953	Canadian Northern	3	1,196,227
Feb. 1, 1954	Canadian National	5	50,000,000
Mar. 1, 1955	Canadian National (West Indies) Steamships Limited	5	9,400,000
June 15, 1955	Canadian National	4¾	48,503,000
Feb. 1, 1956	Canadian National	4½	67,368,000
July 1, 1957	Canadian National	4½	64,136,000
July 20, 1958	Canadian Northern	3½	5,645,219
Jan. 15, 1959	Canadian National	3	35,000,000
May 4, 1960	Canadian Northern Alberta	3½	551,505
May 19, 1961	Canadian Northern Ontario	3½	4,030,481
Jan. 1, 1962	Grand Trunk Pacific	3	26,465,130
Jan. 1, 1962	Grand Trunk Pacific	4	7,999,074
July 1, 1969	Canadian National	5	56,684,000
Oct. 1, 1969	Canadian National	5	57,728,500
Nov. 1, 1969	Harbour Commissioners of Montreal	5	19,000,000
Feb. 1, 1970	Canadian National	5	17,338,000
Various dates 1944-54	City of Saint John Debentures assumed by Saint John Harbour Commissioners	Various	637,729
Perpetual	Grand Trunk Debenture Stock	5	1,538,494
"	Great Western Debenture Stock	5	991,389
"	Grand Trunk Debenture Stock	4	6,548,115
"	Northern Railway of Canada Debenture Stock	4	38,529
			$ 699,443,345

Other Guarantees or Contingent Liabilities

	Estimated Principal Amount Outstanding March 31, 1944
Bank Advances, *re* Province of Manitoba Savings Office	$ 5,635,772
Province of Manitoba Treasury Bill	4,805,723
Province of British Columbia Treasury Bill	626,534
Bank Advances, *re* Canadian Wheat Board:	
Wheat	21,622,710
Flax	15,009,427
Sunflower seed	214,783
Bank Advances guaranteed under Seed Grain Loans Guarantee Act, 1938	Not determined
Loans made by approved lending institutions under Dominion Housing Act, 1935, and National Housing Act, 1938	Indeterminate
Loans made by approved lending institutions under The Home Improvement Loans Guarantee Act, 1935	811,652
Loans made by approved lending institutions under the Home Extension Plan	15,971
Deposits maintained by the chartered banks in the Bank of Canada	359,158,155
Bank Advances, *re* Government War Contracts—Department of Munitions and Supply	2,776,677
Bank Overdrafts—Government War Contracts—Department of Munitions and Supply (closed out monthly)	—
Bank Advances, *re* coal, coke or briquette purchases—Commodity Prices Stabilization Corporation	51,369
Bank Advances, *re* production of logs or lumber—Commodity Prices Stabilization Corporation	174,153
Guarantee under Dominion-Provincial Taxation Agreements of Provincial receipts from gasoline taxes at amounts received in fiscal years ending nearest December 31, 1940	Indeterminate

(B.) CANADIAN ECONOMIC CONDITIONS

ANNUAL FIGURES

	Calendar Years						
	1926	1928	1932	1937	1939	1942	1943
Group I.—Comprehensive Indexes (1935-39=100)							
Physical volume of business	87	103	69	107	107	202	236
Volume of manufacturing	89	100	66	109	105	244	294
Mining	55	65	59	104	118	209	242
Forestry	84	87	57	117	103	131	123
Carloadings	131	148	88	106	102	137	139
Electric power output	46	61	61	106	108	142	154
Employment (a)	100	112	88	114	114	174	184
National income	110	129	69	107	112	184	216
Retail sales	(e)	(e)	92	105	105	154	160
Group II.—Price Levels and Financial Factors (1926=100)							
Wholesale prices	100	96	67	85	75	96	100
Farm product prices	100	101	48	87	64	82	96
Cost of living (b)	122	121	99	101	102	117	118
Common stock prices (b)	92	147	51	117	92	64	85
Bank deposits	100	115	100	120	132	167	199
Active currency circulation	100	105	81	103	111	268	353
Group III.—Gross Value of Production in Major Industries ($ millions)							
Agriculture	1,715	1,806	767	1,039	1,205	2,086	(c) 2,126
Forestry	556	586	267	494	466	716	(c) 721
Fisheries	73	71	34	51	53	103	(c) 125
Mining (including Smelting)	281	316	238	663	663	946	(c) 940
Construction	452	578	271	352	373	636	(c) 577
Manufacturing	3,101	3,582	1,980	3,625	3,475	7,554	(c) 8,833
Group IV.—Foreign Trade and International Transactions ($ millions)							
Exports (gold excluded)	1,277	1,364	498	1,012	936	2,386	3,001
Net non-monetary gold exports (d)	30	40	70	145	184	184	142
Total exports, including non-monetary gold	1,307	1,404	568	1,157	1,120	2,570	3,143
Imports (gold excluded)	1,008	1,222	453	809	751	1,644	1,735
Total trade	2,315	2,626	1,021	1,966	1,871	4,214	4,878
Export balance	+299	+182	+115	+348	+369	+926	+1,408
Net tourist receipts	53	79	65	79	68	55	(e)
Net interest and dividends going abroad	201	221	262	226	249	203	203

(a) 1926=100.
(b) 1935-39=100.
(c) Estimated.
(d) Adjusted for changes in stocks of earmarked gold. These figures were computed by the Bank of Canada on the basis of official trade returns.
(e) Not available.

CANADIAN ECONOMIC CONDITIONS

MONTHLY FIGURES

—		Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Group I.—Comprehensive Indexes (a) (1935-39=100)													
Physical volume of business	1941	144	145	145	153	156	164	167	172	178	179	184	194
	1942	192	193	196	198	196	200	204	206	206	207	208	221
	1943	226	227	232	237	232	232	236	241	237	240	243	249
Volume of manufacturing	1941	151	153	157	164	165	169	176	179	191	192	200	207
	1942	223	226	226	231	233	236	246	249	253	263	263	276
	1943	279	291	294	297	287	286	285	291	299	304	307	308
Mining	1941	158	157	183	186	183	182	172	169	187	186	180	182
	1942	196	196	206	210	213	209	216	217	207	211	209	221
	1943	224	218	245	248	255	245	253	254	243	240	232	245
Forestry	1941	131	131	134	132	127	128	137	138	149	141	133	141
	1942	138	148	148	138	133	131	129	121	116	127	117	125
	1943	106	121	124	116	119	132	127	127	127	114	126	132
Carloadings	1941	126	123	125	129	139	134	140	128	119	121	124	139
	1942	150	140	136	140	142	141	148	130	118	125	126	145
	1943	131	140	144	144	143	147	148	139	123	122	139	153
Electric power output	1941	117	116	116	126	129	123	131	126	136	137	138	139
	1942	143	138	142	144	146	147	146	143	140	139	137	140
	1943	143	142	147	153	161	162	167	164	161	151	149	154
Employment (b)	1941	139	140	141	150	151	153	155	156	156	158	160	165
	1942	172	172	172	175	174	172	172	173	172	173	175	182
	1943	191	188	189	191	185	181	180	181	179	179	181	186
Retail sales (c)	1941	102	102	119	136	143	134	122	134	137	153	147	202
	1942	128	120	145	155	159	154	137	148	154	174	165	213
	1943	129	131	151	168	163	160	148	143	158	174	174	222
Group II.—Price Levels and Financial Factors— (1926=100)													
Wholesale prices	1941	85	85	86	87	89	90	91	92	93	94	94	94
	1942	94	95	95	95	95	96	96	96	96	97	97	97
	1943	97	98	99	99	99	100	100	100	101	102	102	103
Farm product prices	1941	67	68	69	70	70	71	72	72	73	74	74	75
	1942	77	78	79	80	80	82	81	81	84	86	86	87
	1943	88	89	91	92	93	94	96	98	98	104	104	105

CANADIAN ECONOMIC CONDITIONS—Concluded

MONTHLY FIGURES

—		Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Group II.—Price Levels and Financial Factors—(1936=100)—Concluded													
Cost of living (d)	1941	108	108	108	109	109	111	112	114	115	116	116	116
	1942	115	116	116	116	116	117	118	118	117	118	119	119
	1943	117	117	117	118	118	119	119	119	119	119	119	119
Common stock prices (d)	1941	71	66	67	66	64	64	68	68	71	69	69	67
	1942	67	65	62	61	62	63	62	62	63	65	68	71
	1943	76	79	79	83	84	86	91	89	89	86	80	81
Bank deposits (e)	1941	146	150	149	151	154	155	154	154	153	151	153	154
	1942	156	160	166	166	160	156	156	163	169	178	189	181
	1943	178	176	184	193	203	203	202	199	205	204	221	218
Active currency circulation (e)	1941	169	175	182	186	187	194	198	206	211	217	222	230
	1942	225	234	241	245	250	254	265	278	291	305	309	317
	1943	312	320	331	341	341	344	352	362	372	382	382	394
Group III.—Other Significant Factors													
Exports (f) ($ millions)	1941	89	100	103	118	163	147	171	150	143	140	164	152
	1942	152	168	177	170	263	205	199	178	208	213	209	271
	1943	179	169	207	229	253	251	307	295	247	263	293	308
Imports (f) ($ millions)	1941	98	90	108	106	128	115	128	138	137	141	134	126
	1942	142	120	145	142	148	146	139	132	126	140	126	138
	1943	127	114	146	151	154	147	151	149	137	163	160	135
Net non-monetary gold exports (g) ($ millions)	1941	19	15	20	14	16	18	17	13	21	17	15	17
	1942	15	17	16	14	16	17	16	13	15	19	13	14
	1943	14	13	13	14	13	12	10	10	12	11	9	12
Construction contracts awarded ($ millions)	1941	27	25	14	24	41	86	32	36	39	29	23	19
	1942	13	11	18	23	24	47	32	32	30	21	22	10
	1943	12	19	11	16	23	20	16	24	19	19	14	12
War contracts awarded (h) ($ millions)	1941	87	56	67	192	124	80	128	96	54	134	59	103
	1942	84	113	58	113	108	133	129	118	128	141	106	230
	1943	117	96	349	113	84	104	101	83	74	180	69	65
Canadian war expenditure ($ millions)	1941	88	83	(i) 104	46	90	65	108	99	91	111	120	124
	1942	145	133	(i) 208	142	205	138	190	173	207	176	210	219
	1943	185	200	(i) 679	137	272	256	264	436	247	355	271	543

(a) Indexes seasonally adjusted unless otherwise indicated.
(b) As at first of month. 1926=100.
(c) Unadjusted.
(d) 1935-39=100.
(e) Based on daily average figures; index unadjusted.
(f) All gold excluded; includes exports of foreign produce.
(g) Adjusted for changes in stocks of earmarked gold. These figures were computed by the Bank of Canada on the basis of official trade returns.
(h) Contracts awarded by Department of Munitions and Supply on Canadian Account, including Capital Assistance; subject to revision.
(i) Includes year-end expenditure.

RECONSTRUCTION

ESTABLISHMENT OF DEPARTMENT TO FORMULATE AND CARRY OUT RECONSTRUCTION PLANS

The house resumed in committee consideration of bill No. 82, to establish a Department of Reconstruction—Mr. Mackenzie King—Mr. Bradette in the chair.

Section 13 agreed to.

On section 14—Duration.

Mr. ROSS (St. Paul's): Does the Prime Minister propose to bring in legislation in connection with housing?

Mr. MACKENZIE KING: Housing is mentioned in the speech from the throne as one of the subjects that will be further dealt with at this session. It is the intention of the government to bring in further legislation on the subject.

Mr. ROSS (St. Paul's): At this session?

Mr. MACKENZIE KING: Yes.

Section agreed to.

Bill reported.

Mr. ILSLEY moved the third reading of the bill.

Mr. C. E. JOHNSTON (Bow River): I should like to say a few words before this bill gets its third reading. There is no doubt that this new department which is to be set up is one of the most important acts that the government has performed so far this year. It has the prospect of being a very important department in the coming days after the war is over. This afternoon some hon. members expressed the opinion that this was not the time to be wasting our efforts in trying to set up anything in regard to reconstruction. It was suggested that that should not be done until the war had been definitely won. I do not agree with that idea. Along with the other hon. members of this party I say and have always maintained that the very first consideration of this country should be the successful prosecution of the war and that everything that is humanly possible should be done to facilitate that objective in every shape and form. While that is going on I would not agree with the opinion of the hon. member for York-Sunbury (Mr. Hanson) that at this time we should not make some preparations for the period after the war and that we should not be setting up a department of reconstruction. I think that is one of the necessary steps.

When the men and women of the armed forces come back they must be properly cared for. If we are to rehabilitate them as they have every right to expect, we must begin to prepare now. It will not do to wait until they return home and then start preparing. I take it that in setting up the department at this time the government intends to start now. Unless we take some constructive and active action with regard to those who returned from the last war I fear we shall not do as much as we should do for those who come back from this war. I was very much impressed with the views expressed by the hon. member for Battle River (Mr. Fair) this afternoon when he spoke of the veterans of the last war and advocated that they be given free titles to their land. He pointed out, and I think rightly so, that one of the first things that should be done is properly to care for those who came back from the last war, and then we could go on and prepare for those coming back from this war.

He pointed out that one of the government officials, with approval of the present Minister of Mines and Resources (Mr. Crerar), had made a statement to the effect that nothing could be done for those old veterans who are now on the land; that they should be satisfied and abide by the contracts into which they entered. That is not good enough for our returned men of the last war. If we are to use that as a precedent and treat the men and women coming back from this war in the same way, then I am afraid that things will not be arranged satisfactorily. I think we can rightly judge what the government is going to do in regard to the men and women returning from this war by what they have done for those who came back from the last war. I am sorry that such a statement should have been made by a government official at this time, because it certainly does not give those old veterans of the last war much encouragement.

It is true, as the Minister of Finance (Mr. Ilsley) has indicated in his budget speech this evening, that when a nation is at war it reaches the peak of production. We in this country are exceptionally fortunate in that we have never been invaded. We have not had those terrible air raids to contend with, nor have there been battlefields on our territory as is the case across the seas. Our productive capacity is at its maximum and will continue to be or should continue to be at its maximum until the war ends, because we have had nothing happen to this country which would affect that production. It is also true that when the war ends and the armed

forces are being demobilized the production of those industries will begin to slow down. As soon as those industries begin to slow down, and in some cases shut down entirely, a loss of purchasing power in the hands of the people immediately becomes evident, because the industries are beginning to release men from employment. These men become unemployed unless arrangements have been made to employ them in some other places. When the men and women of the armed forces return they, too, will be out of a job and their purchasing power will decrease. There you have a piling up of the unemployed; you have an ever-decreasing amount of purchasing power in the hands of the people, and the vicious circle begins which will lead us straight to the depression which we had before unless we make proper arrangements now. That is why I say I do not agree with some of the statements that have been made in this house to the effect that we should not prepare now; that all our attention should be given to the war.

Certainly no one in this house or outside it can point a finger at the Social Credit party and say that we have ever belittled our war effort in any sense of the word. In fact, we were the ones who were first for an all-out war effort and we are still for it. But at the same time I think we can and should begin to prepare now for the post-war period. Unless we are extremely careful we are bound to have after this war periods of depression with all the misery and poverty that go with them That is bound to happen unless we begin to prepare now. Therefore I say that one of the first things which must be done by this new department is to make a complete survey forthwith to ascertain the nature and the volume of the products of industry which will be required by the Canadian people for purposes of rehabilitation after the war and to raise their standard of living to the level which our natural resources consistently can maintain. That is one of the first steps necessary; we must ascertain the nature and the volume. That entails a tremendous amount of research work. In my opinion there is no use in going to those industries now and saying to them that they must carry on their production after this war and that they must give full employment when no proper guidance has been given to them beforehand. We should find out, for example—and I think we are capable of doing it with the intelligence we have here—the amount of farm machinery that it will be necessary to manufacture in Canada. We should be able to find out the number of automobiles that will be required in this country. When that is done we shall be able to go to those concerns and point out to them with some definiteness what will be required. Having that information, they in turn will be able to arrange and plan their production accordingly.

Not only will it be necessary for us to find out the nature and the volume of the production which can and should be carried on for our home markets, but there is a field farther away that must be thoroughly investigated so that those industries will be properly guided in their establishments after the war. The field I refer to is the foreign market. I think there will be a great potential market there if the industries are properly guided in that respect. Some provision will have to be made by this department to enable business firms to go farther afield, into those countries which have been ravaged by war and which have been released from the slavery and drudgery imposed by the enemy, in order to estimate the kind and volume of production that will be required from Canadian industry for those markets. Then, when our industries have that information, they will be in a much better position to carry on the work that is expected of them.

The next step which I think must be taken is a complete survey of Canadian industries to determine the extent to which they can be adapted to peace-time requirements, and to make the necessary preparations for conversion at the end of the war. I believe this is one of the most important steps that will have to be taken, but as far as I know nothing is being done along that line. It may be the intention of the minister in charge of this new department to carry on that work, but unless that is done I see great dangers ahead of us. For instance, I fear that after the war some of our great industries will close up, because they will not know what will be required of them. An example that comes to mind is the automobile manufacturing industry. I do not believe these companies will be able to continue, at least for very long, their present rate of production. There must be some survey made to determine whether these industries are capable of being adapted to some other type of production. Their equipment may be such that they can convert to the manufacture of farm implements. These plants should be surveyed very carefully; instead of having these big factories torn down and the machinery thrown on the junk heap, we should make every effort to convert them to peace-time production. Some may not be adapted to the production of farm machinery; some may be more adapted to the manufacture of cream

separators, or household requirements, or boots and shoes, or something else. Certainly I see a great danger that these industries may be scrapped instead of being properly converted to peace-time production. The other day, as reported at page 3980 of *Hansard*, the Prime Minister (Mr. Mackenzie King) dealt with that point; at least I believe it was in his mind, although I do not believe it has been given proper attention. He said:

> There is one aspect of reconstruction which might be termed economic reconstruction. That has to do largely with the transforming of industry from making war supplies to making goods for human consumption and with restoring and increasing the capital equipment of the nation, together with the provision of employment for those who are being transferred from the one activity to the other.

I believe that can be done if we have proper supervision. Then he went on to say:

> The great industrial plant created for war purposes must be transformed to meet peace-time demands in Canada or abroad.

That is one of the matters to which I think great consideration must be given; otherwise we are not going to have the proper results. I am very much concerned about this. What are we doing in that regard? In my opinion we are doing just the reverse. What have we done so far in the matter of the actual preparation for the conversion of industries from war-time to peace-time production? The only concrete step we have taken so far has been to set up Surplus Crown Assets Corporation. In my opinion that corporation has not been set up primarily for the purpose of converting industry from war-time to peace-time production. It is only necessary to look at the bill to see the purpose for which the corporation has been set up, or at least what a large part of its work is going to be. I refer to section 12:

> Subject to general or specific instructions given by the minister, the corporation may, when so directed by the minister,
>
> (a) sell, exchange, lease, lend or otherwise dispose of or deal with surplus crown assets either gratuitously or for a consideration and upon such terms and subject to such conditions as the board may consider desirable.

Some other recommendations are set out, but one of the purposes of the Crown Assets Corporation is to dispose of all this material; to get rid of the factories that now belong to the government, to deal with the machinery which is now in the possession of the government. I am not for a moment advocating that the government should take over these factories and this machinery and go into the production of consumer goods, but the whole purpose of the Crown Assets Corporation is to dispose of these assets without giving consideration to their conversion to peace-time production. I think that is bad; I do not believe these assets should be disposed of by the government in too much of a hurry. I can see some benefit in disposing of much of this material now, instead of holding it until it becomes obsolete, but one of the purposes of this new department should be to make this survey before the Crown Assets Corporation takes over all these materials and disposes of them recklessly. We have great aircraft factories, great ship building plants, great munitions factories. These are wonderful institutions, equipped with the most modern and up-to-date machinery. I have visited many of these factories, and I say that the production organization that has been created during the period of this war is a marvellous achievement. I have never belittled the work of the government in building up such a machine. In travelling from one end of Canada to the other with the war expenditures committee I have seen a wonderful example of industrial organization in this country. That industrial organization has been carried to the point where, if we take proper care, we can convert from war-time to peace-time production and have the greatest nation the world has ever seen. Certainly there should be no lack of consumer goods in this country if we take the proper care. I do say, however, that if the Crown Assets Corporation carries on its work without the new Minister of Reconstruction having some control over it, we shall lose a wonderful opportunity. Instead of this great industrial expansion for which we all hope when our men and women come back from the war, by our own acts in this parliament we may put ourselves in an unfortunate position, when that could be avoided by the proper control.

It is true, as has been stated, that you cannot go on and produce these goods unless you have markets. Already we have some markets and we hope we may have more in future. I believe that great attention should be paid to the foreign field; yet I do not think that is the primary market for our producers. After we have properly surveyed the whole field of domestic production and consumption—which is vital, since without proper consumption there is no use in having production—then we may turn our attention to the foreign field.

In my opinion the only time that we should be allowed to ship goods out of the country is when we have a true surplus. I do not mean just a surplus like those we had in the days of the depression. All of us remember those dreadful days, those days referred to

as the hungry thirties. We had an abundance of production, but the vital thing then was underconsumption. When you have that state of affairs you have a surplus of goods, but the effective demand in the hands of the people is not sufficient to buy the goods that they require. But when you have completely satisfied the home market, then you should pay attention to the foreign market. That is the only time we should look for foreign trade.

There is going to be a good field for foreign trade in those countries that have been ruined by the war. We are going to have to assist in building up those countries, but by the use of modern methods of invention and the great genius that man has to-day it will not be long before we have built them up to the point where they themselves will be looking for foreign markets. The more they get built up to the point where they themselves are looking for foreign markets, the fewer foreign markets we shall have.

I am not one of those who look forward with a great deal of pleasure to the building up of foreign credits in foreign countries. The greater the foreign credit you build up, the poorer you are going to be. It is all right to ship out surplus goods, provided that we get back goods in return. It is all right to do that if you have purchasing power in the hands of the people to buy them.

I do not underestimate the importance of foreign markets, but I think the first and most important market we must look to is our home market. We have a tremendous industry in agriculture. In his budget address to-night the Minister of Finance pointed out the possibilities of agriculture. Agriculture is one of those industries which will enable us to ship out more goods to foreign nations. If we cannot make it possible—it is not a case of being able because we can make it possible—for agriculture to produce goods and still have the cost of production plus a fair profit, then we shall be sadly lacking in our organization under this department.

I said a moment ago that there was no use in producing abundantly unless our people have the purchasing power with which to buy. During the period of reconstruction after the war there will be a large field for employment, but if we are to continue that employment we must make sure of the income of the people. I suggest that one of the best ways of ensuring continued purchasing power for the people so that they will be able to buy the goods we produce, is the old age pension.

I think it has been generally recognized in this parliament during the last year or two that when you give out money in the form of old age pensions you are establishing a great consumer market; you are creating a home market. We could very well lower the age limit to sixty years and increase the amount above what it is at the present time. I would suggest $50 a month. In that way we would ensure purchasing power being put into the hands of the people so that they will be able to buy the goods which industry will make.

There is no doubt that as time goes on there will be an unemployment problem with which we shall have to deal. If we can take a greater number of people out of active production by lowering the age limit for the payment of old age pensions, then we shall be solving to a degree our unemployment problem.

Then, as has been indicated, we could start at the other end and provide the young people with an educational grant sufficient to enable them properly to fit and equip themselves intellectually to be able to assist us in our production when they come to that time of life. Here again we shall be providing purchasing power with which to buy a portion of the goods which industry can produce. We shall thus be providing a market for industry.

I believe that too much is being expected of agriculture and other secondary industries. It has been said that industry must put everybody to work, but I do not agree with that. I do not think that is the function of industry. The purpose of industry is to produce goods as cheaply as they can be produced by using the most modern methods of machinery and intellectual abilities that our organizers have. We have plenty of inventive genius. If industry could employ all the people in this country it would be a utopia; it would be wonderful, but I do not think that can be done. But everyone who is capable of working, everyone who is desirous of increasing his purchasing power, everyone who is physically and mentally fit to work should be given that privilege. Every encouragement should be given to these people to work.

The Prime Minister was speaking about this previously, and I should like to quote what he said as to how this was to be done, how we were to keep our industries in operation, how we were to put purchasing power in the hands of the people. I was very much disappointed at the answer given by the Prime Minister to a question asked by the hon. member for Lethbridge (Mr. Blackmore) as to how he proposed to do this. I have marked carefully what he said because I think it holds the key to the success or failure of this new department which is to be set up.

I agree with the hon. member for Parry Sound (Mr. Slaght) and the hon. member for Acadia (Mr. Quelch) when they say that we shall not be able to do this unless there is a proper and systematic and scientific change in our financial system. Apparently the Prime Minister did not agree with them. This new Department of Reconstruction will not have a chance unless it is given the power to provide the people with the necessary additional purchasing power to carry them through this reconstruction period. I am afraid that every time this new department want to do anything and they go to the treasury board, the treasury board will kick them out of the office and say, "We cannot do that because of the expense."

Look at the way in which we are treating our returned men from the last war. A minister, a member of the treasury board, makes a public statement through a civil servant that we are not going to do anything more for the returned men from the last war, that they should abide by their contracts. No matter how sincere this minister may be, that is what will happen with this department. That is the way in which the Prime Minister said the thing would be carried on financially. The hon. member for Lethbridge asked how it would be financed and the Prime Minister said:

> I will put it this way to my hon. friend. In this period of war we have been able to raise money through loans and taxation, for what purpose? For the purpose mainly of spending the money on destruction, on the destruction of property, the destruction of community and national life, and human lives; all of which indicates that instead of having our taxes serve a useful constructive purpose, they are serving, of necessity—it is not our fault, it is the part of the penalty of war—the needs of destruction. When the whole picture is reversed, and it comes to be a matter of carrying out constructive work—

Mind you, this is the reconstruction period to which he was referring.

> —work for the rebuilding of communities, for the supplying of homes, and the needs of homes, the necessaries and conveniences of life, many of which have been absolutely prohibited in the period of war, there is going to be a demand for employment the like of which has not arisen at any other time, and as one want is satisfied another want is sure to be created.

He said further:

> That is the way progress is made, through demands which arise from conditions of peace and prosperity; and where you get demands of the kind which lead to the fuller employment of labour I do not think my hon. friend need fear about the increase of public debt or taxation to accomplish these things. If—

And this is the big question:

> If we can get a sufficiently large demand for labour through an increasing demand for goods and commodities and things which are constructive and serviceable, I believe the nation can go ahead with the great work of construction and reconstruction and at the same time reduce its taxation and reduce its debt. That at least is what I would hope to do if this government is in office when that period comes.

These are pious hopes, hopeful platitudes, but I hardly think the Prime Minister really believes that they will bring the results for which he hopes.

We have the banking and commerce committee discussing the Bank Act and the changes that should be made in it. While I cannot prophesy what their conclusions will be, I think it is safe to say that there will be no major changes in the financial policy of this government. The Prime Minister in his speech here indicated that he hopes that this period of reconstruction will be a success, though financing it in exactly the same way that we followed before, by loans and taxation. The Minister of Finance, in his budget speech to-night, indicated that he intends to follow the same course. Yet our national debt is climbing and climbing and climbing, and while interest rates have been lowered, annual interest charges are climbing and climbing and climbing. Every loan means an additional interest charge on the incomes of the people.

Mr. SPEAKER: Order. The hon. gentleman is now dealing with the budget.

Mr. JOHNSTON (Bow River): I am not attempting to deal with the budget, Mr. Speaker, but when the hon. member for Vancouver-Burrard (Mr. McGeer) was speaking he gave figures of the national debt and it was those figures I had in mind. I did not have in mind the figures given by the Minister of Finance. The hon. member for Vancouver-Burrard, speaking on this bill, referred to the national debt. He gave the public debt of Canada as $335,000,000 in 1914 and showed that the national debt had increased by 1918 to $1,191,000,000. Then he gave what I thought was an excellent comparison. He gave the national debt in 1939, when the war started, at over 4½ billion dollars. In 1943 up to December 31 the debt had risen to nearly 11½ billion dollars. He did not make reference to the debt as of to-day, but the Minister of Finance indicated that it had increased in the last year by about two billion dollars. At all events our public debt on December 31, 1943, was about 11½ billion dollars. In other words, it had increased about 6½ times since 1914-18. The annual interest charges, according to the figures that have been put on *Hansard* by the hon. member for Vancouver-Burrard, are over $304,000,000, or an interest charge for every man,

woman and child in this country of over $27 per annum. That is a tremendous load to carry and the charges are continually rising, with no prospect of lowering them. Yet the Prime Minister vainly hopes that we shall be able to carry on through the reconstruction period by following exactly the same financial policies of the past. It does not take any stretch of the imagination, for anyone who sits down and analyses these figures and sees the tremendous increase which there has been from year to year ever since confederation almost, in our national debt and in the interest charges, which have increased year by year, to see that we cannot continue financing like that.

I recall the Prime Minister's great expression in 1935 when he said that if he were elected he was going to do battle with the money powers. Well, we see the results of his battle to-day, and if this is the great battle that he was going to carry on, then I have not great hopes for this reconstruction period, and I feel that the Prime Minister himself has no very great hopes in that regard either.

There must be some change in the financial policy of the government. I have already indicated two of the major steps which must be taken. Regardless of the pious hopes expressed by the Prime Minister, without some change in our financial policy there is no chance of success in the reconstruction period, nor shall we have a success made of the reconstruction department, for which we all hope, not only the minister but all of us. One of the major steps that must be taken, a step essential to the satisfactory establishment of Canadian industry to peace-time conditions is that the control of currency and credit should be removed from present private monopoly and restored to parliament and that parliament should so order the financial policy of Canada as to make available sufficient money for the financing of post-war rehabilitation and reconstruction and to ensure the consuming public of sufficient purchasing power to enable them to enjoy a standard of living limited only by the productive capacity of industry and the natural resources of the country instead of by a man-made scarcity of money.

At the present time we have a man-made scarcity of money. Without going into details of the financial reconstruction that is necessary, it seems to me that if we are to have a proper Department of Reconstruction charged with the responsibility of seeing that our country is changed over from a war-time industrial nation to a peace-time industrial nation, we must have proper control of our currency and credit, and it must be issued in terms of public need, and not of private gain. Until we have achieved that goal I am convinced that we shall never have the success we hope for, and those who have been overseas will find, when they return home, that they have fought their fight in vain. We cannot afford that; this country cannot afford it. Therefore, let us start by putting our own house in order, getting the finances of this country on a scientific and sound basis, establishing such a financial structure that we can make financially possible anything which is physically possible and desirable. Then we shall have a Canada that our men and women overseas will be proud to return to and we shall be proud to say to them when they return: We appreciate the job which you have done, and we are going to reward you in part for all you have accomplished.

Mr. W. F. KUHL (Jasper-Edson): Mr. Speaker, I crave your indulgence for just a few moments. I am rising more on a question of privilege than for the purpose of attempting to argue any points in connection with this bill.

Several of the members who have spoken on this bill found occasion during the course of their addresses to refer to the remarks which I made on the bill. I feel that several of them either deliberately or otherwise misconstrued and misinterpreted what I said. In fact, I consider that some of the members went so far as to question even my character. I therefore wish to rise on a question of privilege in that connection.

I believe that there were as many as four members who referred to my remarks, the hon. member for Victoria, British Columbia (Mr. Mayhew), the hon. member for Essex East (Mr. Martin), the hon. member for Fraser Valley (Mr. Cruickshank), and the hon. member for York-Sunbury (Mr. Hanson), and indicated that I in my remarks had advocated a set of circumstances in which there would be maximum idleness—in other words, a loafer's paradise. Read the remarks of the hon. member for Victoria, British Columbia. He said, as reported in *Hansard*, at page 4109:

> We listened to the hon. member speaking the other night, and if I remember rightly he implied that it was humiliating to work.

The hon. member for Essex East said, as reported in *Hansard*, at page 4015:

> Our people will not want to subscribe to the doctrine of the hon. member for Jasper-Edson. . . . They do not want to be idle.

These statements, Mr. Speaker, definitely imply that I advocated idleness in the post-war period for our people.

Mr. GRAYDON: The hon. member did not advocate much harder work, anyway.

Mr. KUHL: Neither does the hon. member.

Mr. GRAYDON: I have to do it, though.

Mr. KUHL: So do I.

Mr. JOHNSTON (Bow River): What? being a lawyer, and having to work hard?

Mr. KUHL: I wish to reiterate for the information of these hon. gentlemen and others who, perhaps, think like them, that at no time have I advocated idleness. I challenge the hon. members I have named and any other hon. member now in the chamber to read my address through and pick out one sentence, one phrase, in which I advocated idleness in the post-war world. I should like to see them take up the challenge. Yet each one of these hon. members implied and, indeed, stated directly that I was advocating idleness. The type of activity to which I took exception and against which I protested was that of artificial work.

Let me give you an example of what I mean by "artificial work." In my own constituency in the so-called depression years, under both Liberal and Conservative administrations, roads were built with pick and shovel. Young men, some of them university graduates, were out building highways in my constituency—the Jasper-Edson highway and other roads—with pick and shovel, and machines were standing everywhere which could have been used in their place. I call that artificial work, and that is the type of work I protest against and object to. As the hon. member for Bow River (Mr. Johnston) indicated in his remarks to-night, it is certainly the privilege of mankind to take advantage of all that inventive genius and productive enterprise can devise, and machinery of this kind should certainly be used to the maximum advantage. But we did not do that in the so-called depression years. It is the type of work to which we resorted then that I referred to as slavery. I did not advocate idleness; what I advocated was an opportunity for the people to put themselves to work; and if hon. members will take the trouble to read my remarks through they will find that I proposed that we so arrange our economy that all the people, instead of merely a select few, shall have an opportunity to indulge in voluntary activity.

Some hon. gentlemen went so far as even to bring my character into question. I hesitate to make an issue of this, but no other hon. member would take it lying down, nor do I intend to. The hon. member for Victoria, British Columbia, made this statement, as reported in *Hansard*, at page 4109:

> Work is the fibre of achievement that makes a nation great, and you cannot have the fibre of achievement unless you have something to do and are willing to do it.

He concluded by saying this:

> That is what my hon. friend lacks.

I consider that a definite questioning of my character.

Mr. MACKENZIE KING: You ought to hear some of the things they say about me. I would not worry about that.

Mr. KUHL: I observe that whenever any remarks of that kind are made in the house concerning the right hon. gentleman, he is always very quick to rise to a question of privilege.

Mr. MACKENZIE KING: No.

Mr. KUHL: So that I say I do not think it is becoming for any hon. member to question the desire of any other hon. member to perform his share of responsibility in the national life of this country; and I think, if the hon. member is the gentleman that he wishes me to believe he is, he will make appropriate apologies for such a remark.

I wish to make one observation only with regard to the principle of the bill; it has been referred to repeatedly, but I think it will bear repetition. According to this bill, the whole success of reestablishment of members of the armed forces as well as of civilians in civil life after the war will depend upon finding jobs. I would ask the Prime Minister (Mr. Mackenzie King), or the government as a whole, or anyone, what will happen in the event that jobs cannot be found? The whole success of reestablishment in civil life of these people, two millions or thereabouts, is to depend upon finding jobs. We know that the Liberals and the Conservatives had five years each in which to attempt to find jobs, and they were unable to do so. How do they expect us to believe that, if given another five years, they will do any better?

Mr. JOHNSTON (Bow River): They do not. That was just for public consumption.

Mr. KUHL: What is to be the condition of the people of Canada if these jobs are not forthcoming? Are we going back to the dole, the relief line and the soup kitchen? What has the government to say with respect to this question? The hon. member for Bow River has again indicated as we in this corner

of the house have always insisted, that the purpose of industry is not to provide employment but to supply goods in the greatest abundance with the least amount of work and trouble. Of course the government, realizing that there will not be places in industry for all these people, are suggesting tremendous schemes of public works. When it comes to public works, is it going to be possible for the government to find jobs in public works if they are not available in industry? I happen to have on my desk a pamphlet illustrating some of the most modern machines. On the back cover is illustrated one of these huge modern dredgers, capable of lifting thirty-two tons of earth in one bite. I should like to know whether in the post-war period the government intend to permit machines of that and similar types to be used in carrying out public works of various kinds, or are they again going to do as was done before the outbreak of the war, namely, leave the machines sitting on the side of the road and put people to work with picks and shovels?

For curiosity's sake, I figured this machine out on the basis of manpower—thirty-two tons of earth in one bite. If men were put to work with picks and shovels to do the work of that machine, how many men would be required? Five pounds of earth to one shovelful would be 12,000 or more shovelfuls of earth; in other words, this machine would do approximately the work of 12,000 individuals. One can go all the way through industry and public works or any other activity of man in these days and duplicate incidents of this kind. Personally, I think it is folly on the part of this government or any other government to suggest that they will be able to reestablish the members of the armed forces and others by finding jobs for them or making their entire source of income depend upon jobs that will be found either in industry or in public works.

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

NATIONAL HEALTH AND WELFARE

CREATION OF DEPARTMENT FOR MANAGEMENT AND CONTROL OF SOCIAL SECURITY AND WELFARE

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the house go into committee to consider the following resolution:

That it is expedient to provide for a Department of Social Welfare to include that part of the Department of Pensions and National Health not to be included in the Department of Veterans' Affairs and to assume the management and control of and to consolidate in such department matters relating to the social security and welfare of the people of Canada as may from time to time be assigned to it; and to provide further for the appointment of such officers, clerks and employees as are necessary for the proper and efficient administration of the act.

[Mr. Kuhl.]

Mr. STIRLING: Is the Prime Minister going to make a statement?

Mr. MACKENZIE KING: I was going to ask in the first instance that this resolution be amended by substituting the words "Department of National Health and Welfare" for "Department of Social Welfare." I spoke of this a day or two ago and mentioned that when the resolution was drafted it was thought that social welfare being a wide term would probably serve to include health as well, and that there was an advantage in having a short title. But there has been a very natural feeling that, as the department of health has existed since 1919, and as the new department will take over that part of the work of the Department of Pensions and National Health which will be left after what has been taken out of the department by the war veterans' measure, it would be desirable to continue specifically to associate the words "national health" with that department. Further, changing the name might give the impression that the government was not as much concerned with national health as with some other features of the measure, whereas the contrary is the fact. National health will continue to be, through the years, more and more an all-important consideration of the government. I would ask my colleague the Minister of Pensions and National Health (Mr. Mackenzie) kindly to move the necessary amendment.

Mr. MACKENZIE (Vancouver Centre): With the consent of the house I move accordingly.

Motion agreed to.

Hon. GROTE STIRLING (Yale): This resolution anticipates the passage of a bill, the purpose of which is, in the words of the resolution, to assume the management and control of the social security and welfare of the people. I think it would be a highly desirable thing if such a department were set up to do this, if it has the power to do it. The department of health has existed for some time, as the Prime Minister (Mr. Mackenzie King) said, and it will be incorporated in this new department. The department of health has not entered into the life of the people to any considerable extent. If one examines the terms of the British North America Act and looks through the twenty-nine matters which are referred to the jurisdiction of the dominion, one finds no mention

of either health or welfare. In fact, all that one does find is that quarantine and marine hospitals are put under the direction of the dominion government. It is not wonderful to me, therefore, that in these twenty-five years the department of health has existed it has not entered into or directed the life of the people. It has accomplished very little in preventing disease or preventing those mischievous actions of people who might do things deleterious to the health of the nation.

If one looks at these matters which are directed by the British North America Act to the jurisdiction of the provinces one finds several guides thereto—the establishment, maintenance and management of hospitals, asylums, charities, eleemosynary institutions other than marine hospitals. One will find property and civil rights and all matters of a purely local and private nature. So that all the nine provinces have provided themselves with departments of health or branches of welfare, and the dominion government seems to me to be assuming a very large task and perhaps an impossible one when it undertakes the management and control of the social security and welfare of the people. It does appear to me that it would be not only undesirable but harmful if this went out to the public of Canada, giving them the idea that the dominion government is able to accomplish a great deal more than in my opinion it will be able to do under this department. It is that note that I wish to sound at the very commencement of the discussion, and I call it to the attention of the Prime Minister.

Mr. GORDON GRAYDON (Leader of the Opposition): I do not know whether the Prime Minister intends at this stage to say anything with respect to the matter, but if he desires to make a statement on the second reading I have no objection. At any rate, I wish to identify our party with the position which has been taken by the hon. member for Yale (Mr. Stirling). The situation with regard to the name of such a department does not go very deep so far as the problem of social welfare, social security and health as a whole is concerned. All we are doing is to establish under a certain department, the department of social welfare, a new department which will take over the departmental duties of health and additional duties which may be assigned to it in connection with social welfare legislation such as the dominion may be competent to deal with within its jurisdiction.

I think it should be made clear, and the hon. member for Yale did make it abundantly clear, that it would be a great mistake if the people of Canada got the idea that by means of a high-sounding name the government through some magic would do something to benefit the whole dominion in social welfare when, as the Prime Minister will readily agree, a great deal of that work is within the jurisdiction of the provinces themselves under the British North America Act

In agreeing to the resolution going through and allowing the introduction and the first reading of the bill, we should like to make our position clear, namely, that we at this stage reserve the right to take a position in the discussion which will indicate our stand perhaps more clearly than it has been indicated in a general way to-night.

Mr. HARRY LEADER (Portage la Prairie): Before the resolution passes I should like to have an opportunity of discussing a question which, in my opinion, has been delayed too long. If it will facilitate matters I have no hesitation in allowing the resolution to pass to-night, but I would rather say what I have to say on the resolution than on the bill. As a reason for my stand may I state that it is not always possible for me to be in the house. This is one of the very few evenings that I have imposed upon myself the task of being here after the dinner recess. Rather than sit around day after day and hour after hour waiting until I have an opportunity to speak on a matter upon which I must speak I would prefer to go on now, but I wish to intimate to the Prime Minister (Mr. Mackenzie King) that it will take at least forty minutes for me to say—

Mr. MACKENZIE KING: May I say to my hon. friend that I think the house would like to have the bill based on the resolution before it. The bill cannot be presented to the house until the resolution is passed. It was my hope that the house would permit the bill to be introduced to-night and then to-morrow we might go on with a discussion of its provisions. If my hon. friend is going to take forty minutes, I should think that it would be in his interests, as well perhaps facilitating the business of the house, if he were to wait until to-morrow when the bill is taken up again rather than speak for fifteen minutes now and twenty-five minutes to-morrow.

Mr. LEADER: I will agree with what the Prime Minister has said in his last sentence, if the bill is taken up to-morrow.

Mr. MACKENZIE KING: I hope it will be.

Mr. LEADER: I would not have the temerity to suggest terms to the Prime Minister, but if the bill is to be taken up to-morrow

well and good. If not, I do not want to miss this opportunity of discussing this subject which I believe in some ways is more important than the war itself. If it is the understanding that the bill will be proceeded with to-morrow, and if the Prime Minister will be kind enough to allow me to adjourn the debate or something like that, it would suit me fine.

Mr. MACKENZIE KING: My hon. friend realizes that adjournment of the debate would not help matters any. It would not enable the bill to be introduced. The bill is not before the house at the present time. All that is before the house is simply a resolution to permit the bill to be introduced. I hold in my hand a memorandum of what I was intending to announce at the end of the evening as to to-morrow's business. I cannot say whether the house will permit it or not, but the government's thought was first of all to take the two measures which were mentioned by the Minister of Finance (Mr. Ilsley) this afternoon, amending two banking bills, to provide an additional two months before their expiration in order to afford opportunity of discussing matters at greater length than would be the case if we had only until July 1 to discuss them. Immediately after that I intended to suggest that the national health and welfare bill be taken up. Of course, I wish I could give my hon. friend an undertaking as to what hon. members of the house generally would do, but he will recognize I cannot do that. As far as the government proceeding with the matter is concerned, I have indicated our intention.

Mr. LEADER: I will await my chance.

Mr. J. H. BLACKMORE (Lethbridge): Briefly I wish to say that we have no objection to the resolution passing and the bill being introduced. I should like to say, though, as has been pointed out by the hon. member for Yale (Mr. Stirling) and the leader of the opposition (Mr. Graydon), that there is a possibility that the dominion government is intruding itself into a sphere that properly belongs to the provinces. I realize, as everyone does who understands the situation confronting the Canadian economy, that there are a good many items which properly come within the jurisdiction of the provinces in which they need a good deal of assistance, in which they need that assistance from the dominion government because the dominion government is in a position to have more money than the provinces.

There is no danger involved in so far as the British North America Act is concerned if everything that the dominion government does is designed to supplement what the provinces do. If it is definitely recognized that this is a matter of provincial jurisdiction and that the problem of the dominion is simply that of helping the provinces, then all is well. But ever since the iniquitous Rowell-Sirois report and the attempt of the government at Ottawa to jam that thing down the throats of the provinces, there has been suspicion from all over this land that the administration in Ottawa is not friendly to the British North America Act; that it is seeking to destroy the British North America Act and centralize control over the affairs of Canada in Ottawa, control that the fathers of confederation in their wisdom put in the hands of the provinces.

May I just make this suggestion, that in all these matters where the central government thinks it advisable to supplement the work of the provinces it be recognized that the provinces should take the steps and that the central government put at their disposal the means to accomplish the ends which the provinces themselves may consider ought to be accomplished, so that the dominion government does not exercise control—it may exercise administrative direction but not control. May I suggest, too, that the all-important matter in all these affairs is money. There is not a province that does not know what it wants to do with respect to health and social services if it could only find the money with which to do it. The dominion government is in a position to get that money. All the dominion government needs to do is to exercise the power which was conferred upon it by the British North America Act when it was given control over money and banking. It can make available to the provinces the money which they need. Until the men in power in Canada come to realize that, they will be faced with difficulties and do things which will endanger the Canadian commonwealth.

I have nothing more to say except to urge that the dominion government take the attitude that it will find the money with which these fine projects are to be achieved and will supply that money to the provinces in accordance with their need and then work with the provinces toward the attainment of the objectives of sound social security and social programmes in Canada. That being understood, I do not hesitate for a moment to support the resolution and the bill to be founded on it.

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

Mr. MACKENZIE KING: I should like to say just one word. I would have made a statement on the resolution were it not that I was anxious to get the bill introduced to-night so that hon. members might have it before them at once, and we might take up second reading to-morrow. All I wish to say is that this is one of three measures referred to in the speech from the throne which have to do with post-war planning. The first one is the war veterans' measure; the second, the one on reconstruction, and the third, national health and welfare. To-morrow on second reading I shall have something to say about the matters which have been referred to more particularly to-night.

Resolution reported, read the second time and concurred in. Mr. Mackenzie King thereupon moved for leave to introduce bill No. 149, to provide for a Department of National Health and Welfare.

Motion agreed to and bill read the first time.

On motion of Mr. Mackenzie King the house adjourned at 10.55 p.m.

Tuesday, June 27, 1944

The house met at three o'clock.

DAIRY PRODUCTS

FREQUENCY OF COLLECTIONS OF CREAM FROM FARMERS IN ONTARIO AND QUEBEC

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): Mr. Speaker, I should like to ask the Minister of Finance a question, the wartime prices and trade board being under his department. Why is it that Quebec creameries are allowed to collect cream from the Quebec farmers twice as often as Ontario creameries are allowed to collect cream from the Ontario farmers, the collections being three times a week in Quebec and only three times every other week in Ontario?

Mr. CRUICKSHANK: Ontario cannot have as much cream.

Mr. FRASER (Peterborough West): It is pretty tough on the Ontario farmers.

Hon J. L. ILSLEY (Minister of Finance): I shall have to make inquiries and give an answer to the hon. gentleman on Thursday.

NATIONAL HEALTH AND WELFARE

CREATION OF DEPARTMENT FOR MANAGEMENT AND CONTROL OF SOCIAL SECURITY AND WELFARE

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved the second reading of bill No. 149, to establish a Department of National Health and Welfare.

He said: Mr. Speaker, the purpose of this bill is to establish a new department of government to be known as the Department of National Health and Welfare, under the direction of a Minister of National Health and Welfare. The bill carries out one of the undertakings in the speech from the throne which relate to the establishment of new departments of government to deal, amongst other things, with post-war planning. I shall read the passage from the speech:

> My ministers believe that the time is rapidly approaching when a minister of the crown should be responsible for each of the three broad fields of post-war planning. You will accordingly be asked to approve the establishment of the following departments of government:
>
> (1) A Department of Veterans' Affairs to have charge of the rehabilitation and reestablishment of members of the armed forces, and the administration of veterans' pensions and allowances;
>
> (2) A Department of Reconstruction to promote and coordinate planning for national development and post-war employment; and
>
> (3) A Department of Social Welfare to organize and to assist in administering activities of the federal government in the fields of health and social insurance.

The words "Social Welfare" as the designation of the department have since been changed to "National Health and Welfare."

As to the scope of the new department, it divides itself broadly into two parts, the first of which has to do primarily with health, and the second with social welfare.

The first part, concerned primarily with health, takes over from the old Department of Pensions and National Health those branches which relate particularly to health. As the house is aware, there has already been taken from the Department of Pensions and National Health the portion of the work of that department which relates more particularly to veterans' affairs. Apart from veterans' affairs, there remain the branches of the department which relate to national health. All these will be brought under the new Department of

National Health and Welfare, and the present Department of Pensions and National Health will disappear.

The other main division of the new department will be social welfare. This will include such branches of the public service of Canada as relate to social welfare which may be transferred from existing departments to the new Department of National Health and Welfare, as well as the administration of such new social welfare measures as may be enacted. As the house is aware, there are several social security measures which are already on the statutes and which are administered by different departments of government. One of these is that pertaining to old age pensions administration, which has been under the Department of Finance. The Minister of Finance has indicated that in some respects it would be preferable that a department other than the Department of Finance should administer the old age pensions. I cannot say just at what moment the transfer may be made, but, at some convenient time, the administrative work in connection with old age pensions will be transferred to the new Department of National Health and Welfare.

There is also the statute relating to pensions for the blind, the administration of which will likewise be transferred to the new Department of National Health and Welfare. At the last session of parliament a statute was enacted having to do with physical fitness. At the present time it is being administered by the Department of Pensions and National Health. It will now come under the new Department of National Health and Welfare.

A number of measures relating to social welfare and human well-being are contemplated in the programme of social security already outlined by the government. One of the most important of these is that which relates to family allowances. Hon. members will have seen on the order paper a notice which I have given of a resolution upon which a bill will subsequently be based dealing with family allowances. It is intended when that measure is enacted that it will be administered by the Department of National Health and Welfare. Hon. members will realize that the administration of a measure so important and far-reaching as that will require much careful preparation. It is therefore desirable that the new department should be formed at an early day so that the measure may be in full operation at the time fixed for it to come into force.

These were measures specifically set forth in the speech from the throne, but, in addition, the speech refers to some broader aspects of social security, and to these I should like to quote in the terms of the speech itself. One paragraph to which I would draw attention is the following:

> A considerable measure of social security is already provided under federal and provincial legislation, but the working out of a comprehensive national scheme, in which federal and provincial activity will be integrated and which will include nation-wide health insurance, will require further consultation and close co-operation with the provinces.

It will be seen from this paragraph that the government hopes a means may be found of integrating matters relating to social welfare, to prevent overlapping and bringing about the effective coordination of activities as between the federal and provincial governments. We contemplate working out a comprehensive national scheme in which federal and provincial activities will be integrated and which will include national health insurance.

National health insurance is a subject which has already been referred to the important committee on social security which was appointed last session and again this session. This committee has been making a full and careful study of the whole question of health insurance. It will be necessary, at some stage, for the dominion and the provinces to have conferences in order to work out a comprehensive scheme which will serve the best interests of the dominion and provinces alike.

With regard to health insurance I would point out that it is a means to an end. The end of all this social legislation is social security. Social security will be brought about by such measures as will be undertaken under the veterans' affairs and reconstruction departments and those that relate to insurance against the social and economic hazards encountered in the life of the people. The necessity for a nation-wide plan must be apparent to everyone.

As was natural, the work of social welfare was taken up in the first instance by municipalities and the provinces. Many of the provinces have social legislation on their statute books to-day. They began first with such measures as those relating to workmen's compensation, mothers' allowances, child welfare, hospitalization and other social measures. More recently the provinces have been giving much closer attention to health measures. Some have departments or branches of departments dealing with health.

It has become quite clear that without some assistance and cooperation from the federal

government there cannot be anything in the nature of a national scheme. Differences exist between provinces in connection with the legislation enacted. Nothing could be more inimical to a nation-wide plan than to leave to mere chance, and to conditions as they arise, the enactment from time to time by the dominion and by the provinces of different measures which may be regarded as necessary. There is a necessity for some central agency that can be helpful, in cooperation with the provinces, in coordinating services, in preventing duplication and overlapping, and in seeing, when one department is behind another in some important enactment, how that difficulty may be overcome. One of the functions of the new Department of National Health and Welfare will be to cooperate in that way with the several provinces.

There is no intention whatever in this enactment of attempting to invade the jurisdiction of the provinces in these matters. I will refer to that in just a second, but before doing so I should like to read another clause of the speech from the throne which relates to this matter. The speech contemplated that this nation-wide measure of health insurance would be effected only after there had been ample opportunity for study, in both provincial and dominion fields, and after there has been opportunity of conference between the provinces and the dominion. It is not the intention of the dominion to seek to force upon any province any legislation, no matter how good it may be, by invading provincial jurisdiction. What the dominion will endeavour to do in these matters is to bring about to the advantage of the provinces and the dominion alike, proper coordination of all efforts to improve the health and well-being of the people.

The speech continues:

> When suitable agreements are reached with the provinces, my ministers will be prepared to recommend measures to provide for federal assistance in a nation-wide system of health insurance, and for a national scheme of contributory old age pensions on a more generous basis that that at present in operation.

That statement in the speech makes it clear that the dominion contemplates having at some time, we hope it may be soon, not only a nation-wide system of health insurance but, as well, a national scheme of contributory old age pensions. The administration of the contributory scheme of old age pensions would be a very important function of some department of government, and it is the intention to have the Department of National Health and Welfare administer the contributory scheme once it comes into being. In the interval one of the duties of the new department will be to help to gather the necessary factual information which will be required in conferences between the provinces and the dominion, and also to gather from the experience of other nations the kind of knowledge which would be essential for the most efficient working of the old age pension scheme.

The Minister of Finance has made it clear that once the contributory scheme is enacted it will be possible for the government to consider, to use the words of the speech, a more generous basis than that which is at present in operation. "A more generous basis", I should say, would include a lowering of the age at which persons would become entitled to old age pensions and also an increase of the amounts of the pensions themselves.

Will the house pardon me if I mention that my colleague the Minister of Finance has just sent me a note indicating that this debate should be adjourned shortly in order to enable the bills respecting the amendment to the Bank Act and the Quebec Savings Bank Act to pass this house so that they can get over to the senate as soon as may be possible, because if they are to serve the purpose for which they are intended they will have to be assented to before the 1st of July. I will conclude more quickly than I otherwise would what I have to say on the second reading, and after a reply on the part of some hon. member opposite, with the permission of the house will ask that the debate be adjourned in order that we may take up the other measures.

I have indicated fairly well the scope of the work which the new department will be expected to carry on. I should like, however, to set forth more concretely the different measures the department will be called upon to administer and over which it will have supervision. That cannot be better done than by quoting section 5 of the bill, respecting the duties, powers and functions of the minister:

> 5. The duties, powers and functions of the minister shall extend to and include all matters relating to the promotion or preservation of the health, social security and social welfare of the people of Canada over which the parliament of Canada has jurisdiction, and, without restricting the generality of the foregoing, particularly the following matters:—
>
> (a) the administration of such acts of the parliament of Canada and of orders or regulations of the government of Canada as are not by law assigned to any other department of the government of Canada or any minister thereof relating in any way to the health, social security and welfare of the people of Canada;
>
> (b) investigation and research into public health and welfare;
>
> (c) the inspection and medical care of immigrants and seamen, and the administration of

marine hospitals, and such other hospitals of the government of Canada as may be committed to its administration by order of the governor in council;

(d) the supervision, as regards the public health, of railways, boats, ships and all other methods of transportation;

(e) the supervision of federal public buildings and offices with a view to conserving and promoting the health of the civil servants and other government employees therein;

(f) the enforcement of any rules or regulations made by the International Joint Commission, promulgated pursuant to the treaty between the United States of America and His Majesty relating to boundary waters and questions arising between the United States of America and Canada, so far as the same relate to public health;

(g) the administration of the Food and Drugs Act, The Opium and Narcotic Drug Act, the Quarantine Act, the Public Works Health Act, the Leprosy Act, the Proprietary or Patent Medicine Act and The National Physical Fitness Act and of all orders and regulations passed or made under any of the said acts;

(h) subject to the provisions of the Statistics Act, the collection, publication and distribution of information relating to the public health, improved sanitation and social and industrial conditions affecting the health and lives of the people;

(i) cooperation with provincial authorities with a view to the coordination of efforts made or proposed for preserving and improving the public health and providing for the social security and welfare of the people of Canada.

Just a word with regard to the question of jurisdiction. On the introduction of the resolution one or two hon. members suggested that this measure might be—I will not say that they did not go farther than that—an attempt on the part of the federal government to invade the jurisdiction of the provinces, or that it was an effort to centralize health and welfare matters in the federal government. Let me call attention to the words I have quoted from section 5:

. . . matters relating to the promotion or preservation of the health, social security and social welfare of the people of Canada over which the parliament of Canada has jurisdiction.

Nothing could be clearer than that. The bill relates to measures over which this parliament has jurisdiction.

Mr. HANSON (York-Sunbury): I suppose the right hon. gentleman will agree that that is very limited jurisdiction.

Mr. MACKENZIE KING: What I have read, I submit, indicates a large number of matters with which the federal government is concerned in relation to health. So far as the municipalities are concerned, and on the question of any possibility of intervention there, the hon. member who raised the point would do well to read section 8 of the bill. I quote:

8. Nothing in this act or in any regulations made hereunder shall authorize the minister or any officer of the department to exercise any jurisdiction or control over any provincial or municipal board of health or other health authority operating under the laws of any province.

The question of jurisdiction, therefore, need not be seriously raised in relation to this measure.

As to the necessity for a measure of this kind, a great deal has been said, particularly since the beginning of the war, of the need to conserve human resources and to give them priority in our thoughts over the conservation of what are generally referred to as natural resources. There is no doubt that the views of the world are changing with respect to the weight to be given to human values in comparison with material wealth. Human well-being to-day has the place in the thoughts and minds of men and women of practically all countries which was given to material wealth in years gone by. In the early years of this country's history most legislation on so-called progress was concerned with the development of the country's resources, and that work will have to go on; it should go on. But too often in the development of our natural resources we have completely neglected, indeed we have in many cases destroyed, our human resources. There is no doubt at all that factory legislation and laws relating to social amelioration have been placed on the statutes for that very reason. It was recognized that without limitations as to the hours of work, without some regulation fixing minimum rates of wages and maximum working hours, instead of conserving our human resources we were helping to destroy them. In these last four years there has been so much in the way of destruction of human life that the world probably will not for generations to come be able to make up the loss of man-power, to say nothing of the undermining in many countries of the well-being of their peoples. For this reason the necessity for having a department of government which will deal with human welfare, which will be concerned primarily with human beings and their well-being, is becoming increasingly apparent.

In the past we have had, for example, our Departments of Public Works, and debates have been carried on at great length in this house in the discussion of public buildings, and other forms of public works. In comparison how much time has been given to discussions on those measures so necessary for the greater health and well-being of the population? Questions like this are forcing themselves to the front, and the time has come when it should be the obligation of some minister of the crown to be specially concerned

with matters that relate to human well-being and human welfare, whether they have been thought of in connection with provincial legislation in the past or whether both the provinces and the dominion have been concerned. Human personality, its recognition and development are of more importance than the protection of property, privilege or position and the increase of human well-being of infinitely more importance than the increase of material wealth.

The legislation which is before the house at the moment is for the purpose of developing a department of the federal government which will be primarily concerned with the human aspect of our national life. The new department will first of all continue existing services and functions of the national health divisions of pensions and national health. It will administer social security and welfare measures assigned to it from time to time. It will serve as a centre of planning and research in the fields of health, welfare and social security. It will coordinate federal administrative activities in the fields of health and welfare. It will assist in the coordination of health and welfare activities of the dominion and the provinces with a view to bringing about a comprehensive national scheme to include nation-wide health insurance; it will be charged with the administration of family allowances and when it is enacted with the administration of the national scheme of contributory old age pensions.

A word in conclusion as to one or two matters that the department will not immediately concern itself with. It is not a department of social security. Social security is a comprehensive aim and is the objective of all social legislation. The means to that end differ. Health insurance is one of the means to that end. Health insurance and social insurance of other kinds are means of helping to ensure social security; but the most important means of achieving the end of social security is full employment. Therefore all measures that will contribute to full employment may be regarded as social security measures. But these must come under many departments of the government. For example, we have been discussing in the last few days, matters under the Department of Reconstruction which have to do with employment in one form or another. Employment is the concern of the Department of Labour and other departments of government. The Department of Veterans' Affairs is a department that by its different measures will help to effect social security. Unemployment insurance is one form of social insurance; it is not itself social security. It is a means, as I say, to that end. The administration of unemployment insurance is entrusted at the present time to the Department of Labour. At the moment it is not the intention to transfer its administration from the Department of Labour to the Department of National Health and Welfare, and the reason is obvious. A very important part of the work of the Department of Labour related to reconstruction is that connected with selective service and the various offices which have to do with employment services. These two services are closely interrelated, for that reason alone it would not be desirable to think at present of transferring the administration of unemployment insurance to the new department. As time goes on, it may be, as social services increase, there will be here or elsewhere as between different departments of government of the federal administration, further transfers and arrangements.

The magnitude of the problems involved in a broad extension of social security and welfare makes it essential to have a separate department and a full-time minister, if the federal programme is to be administered efficiently and federal policies properly coordinated with provincial and local activities.

We have talked a great deal about the new social order that is to come into existence after this war is over. Speaking on that subject, as I have from time to time, I have emphasized the note that unless that new social order is well under way before the war itself is over we may look for it in vain after that time. I hope that the measures which the government has introduced at this session, establishing these three departments, veterans' affairs, reconstruction, national health and welfare, and all of which relate in an immediate way to post-war planning, are sufficient evidence that this administration has very much in mind the great social problems which will confront this country immediately the war is over, and that we are not waiting for the end of the war before providing the means needed properly to effect their solution.

Mr. GORDON GRAYDON (Leader of the Opposition): Mr. Speaker, I wish to say a few words with respect to our position in connection with the measure that is now before the house for second reading. I believe there will be pretty general agreement with the statement of the Prime Minister (Mr. Mackenzie King) that as a nation we are steadily advancing in our recognition of the responsibilities that rest upon us in connection with the matter of human welfare. The day when no one was his brother's keeper,

even in a remote sense, has gone once and for all; in our political, economic and social thinking we have advanced far beyond that stage. We have to assume responsibility for others than ourselves. It may be that it has taken a long time to translate this feeling into action; perhaps the war has accelerated the process, but I do believe that our attitude toward the well-being of the children of the nation and under-privileged people of all ages is becoming more advanced. I think it may be said that what was considered heretical thinking during the last generation has become almost orthodox in this generation, which indicates the progress that civilization has made in that period of time. This nation has led the world in many matters in the past; I am convinced that we are well up with the most progressive nations in the world at the present time, and we cannot afford to be anywhere but in the forefront in connection with matters of social welfare in the future. I hope the developments that have been outlined by the Prime Minister will be undertaken, and that we may go much beyond what has been suggested.

I want to range myself and this party in support of the advancement of human welfare in our politics, our economy and our society; for I do not think the importance of these matters can be overemphasized. I can understand the position in which the government finds itself in seeking to make progress with respect to these matters. The question of jurisdiction as between the dominion and the provinces, as set out in the British North America Act, of course requires special attention and consideration on the part of the municipalities, the provinces and the dominion. In this connection I would say to the Prime Minister and the government in a constructive sense—because in matters such as these there is no room for petty criticism—that I am afraid we are not making an all-out frontal attack on this problem of social welfare. I am afraid the leadership given in the dominion is not the sort of leadership the nation actually wants and requires, because in my opinion it is not sufficient to deal piecemeal with these problems. The moves we have made are in the right direction, but in these days it is not enough simply to keep moving in the right direction. That is all to the good, but we must move in the right direction in unison, on a broad front.

As the situation stands at present—and this was pointed out during the discussion of the bill setting up the ministry of reconstruction—we find the municipalities doing certain things and making certain plans. We have the provinces with their ministries of reconstruction, and finally we have a similar ministry set up by the dominion. With respect to this measure, I think a similar criticism can be made. We are about to constitute a health and welfare ministry. Most people, I believe, are asking whether as a nation, having in mind the fact that we have a constitution, we should not take that into consideration and have the closest possible cooperation, consultation and collaboration with the provinces and municipalities, and whether there should not be a broad national scheme to deal with this matter, instead of the hit or miss method, if I may so term it, that we are offered at the moment in this bill. I know the Prime Minister and the government will say, "Well, you cannot do everything at once," but I am not satisfied that we are doing together all the things that should be done.

I should like to know in the first place what this government proposes to do in order to bring about greater cohesion with respect to the various plans and schemes advanced by the dominion, the provinces and the municipalities in connection with health and social welfare. These are matters, of course, which go to the very root of the well-being of our people. I should like to know whether or not the government has consulted the provinces as fully as they should have been consulted. Some move has been made with respect to obtaining expert and other advice in the social security committee which was set up by this parliament and which has done excellent work. That work has been carried on now for two sessions. In common with most hon. members I have carefully read the reports of the committee; and I am sure anyone who has done so must be impressed by the magnitude of the problem and the great industry that has been shown by those who have worked on that committee. The government itself recognized that the problem of health insurance was of such vital consequence to this country that before any bill was brought into this house the point of view of the committee should be obtained in that connection. Personally I felt that a bill might have been brought into this house first and then referred to the committee, but of course the policy of the government was followed.

The point I should like to make is that the whole problem of social welfare must be attacked with a great deal more vigour and in a much more united way than has been the case up to the present. We must show a great deal more respect for the various constitutional entities that exist within this nation than has been shown heretofore in the policies of this government. I suggest to the Prime Minister

that with respect to the status our people enjoy under municipal and provincial law, there is a great need for many more conferences and a much closer contact being made between the provincial authorities and this government as to matters which concern both, where the jurisdiction may be concurrent and where perhaps in many instances the dangers of overlapping are present. Since the administration of much of this rests with the provinces, and in some instances with the municipalities, before any nebulous intrusion is made by the dominion into the whole provincial field I suggest to the government that there should be a fuller cooperation and prior consultation with provincial governments.

I believe the Prime Minister, and particularly the Minister of Pensions and National Health, will realize that with respect to the old health branch—and perhaps I should not use that expression, because the branch is still operating—there has always been some doubt so far as its powers and actual position were concerned. The problem as to just how far the administration of national health should be carried out in the dominion field, and how far it should be permitted to encroach upon provincial jurisdiction, is one which has never been fully cleared up, and has been constantly under review. That condition must not be carried into the new ministry. As I pointed out last night when the resolution was before the committee, I am hopeful that the fact that the dominion government is attempting to set up a ministry to deal with health and social welfare will not be taken by the people of Canada as an intimation that the matters over which the federal government is empowered to deal have been enlarged in any way, or that in any way the jurisdiction of this government has been increased. That cannot be done under this legislation as I read it; the formation of a new high-sounding ministry of health and social welfare is nothing more than window-dressing so far as the government is concerned, since the jurisdiction remains the same and cannot be altered by the provisions of this legislation. I think, however, that special emphasis should be placed upon this matter of health and social welfare. As I pointed out in my opening remarks, the economic, occupational and geographic sections of the country must be taken into consideration in respect of all these matters. There are markedly different needs in the various communities and localities. In many instances matters affecting the intimate problems of families, groups and communities must be dealt with in their own setting, if legislation suggested by a ministry is to be as effective as it should be. For this reason I think it may properly be pointed out that in connection with health and social welfare there are four different fields or areas. In each area different methods of approach will be required, and there will have to be a variation of technical resources employed in connection with each.

Let us consider the matter of health, which is first mentioned in the name of the new department. To my mind health includes health education, preventive measures, curative services, and the like. All of these, subject of course to coordination and cooperation with the dominion, are administered by the provinces. In the matter of health the position of the dominion until now has not been clear and, if I may say so, its contribution has been small.

May I add something further which in my view cannot be disregarded in any discussion of social welfare and health, and is closely integrated with the problem. I refer to the conditions under which people live. Social welfare and the general health of the nation are tied up closely with the question of housing. The dominion's jurisdiction in connection with housing is mainly confined to financing and to the supervision of standards. This is taken care of by the Department of Finance in Ottawa. Hon. members know there is a further wartime housing administration under the jurisdiction of the Department of Munitions and Supply. Municipal and provincial authorities—particularly municipal—have a vital interest in this matter, as will be readily understood by the Prime Minister and other members of the government. I did not hear the Prime Minister mention this matter which will have to be considered by the new ministry, and when he replies I shall be glad if he will indicate whether housing and the like will be grouped under one great programme to be administered, so far as it is related to dominion field, by the new department. As I pointed out, up until the present time these matters to a great extent have been handled municipally, with, in later years, aid and supervision given by the federal administration.

Then arises the problem of social assistance and social utilities. In my view social assistance is a matter which comes almost entirely under the jurisdiction of the provinces. Social assistance broadly covers that area in which a condition of need has been shown, and where remedies based on need must be found. Under the heading of social utilities come the provision of hostels and general shelter, neither of which could be classified as social assistance in the ordinary sense of the term.

Then, what will happen in connection with social and unemployment insurance? Will unemployment insurance be administered by the new department? I ask these questions because my fourth point has to do with insurance generally. I take it that social insurance, provided it is on a contributory basis, in a similar manner to unemployment insurance—as a contributory scheme of old age pensions may be—and when I say that I have no desire to enter into a discussion of old age pensions at this time, because I do not know what is in the government's mind in that respect—would come, naturally, within the jurisdiction of the dominion.

We see that the whole problem of social welfare and health is strangely divided among various jurisdictions, and the matter presents peculiar problems to a ministry such as is now about to be set up. I would therefore offer the constructive suggestion to the Prime Minister that in setting up the new ministry—I should have preferred to take this action before the ministry was set up, but I do not like to place obstacles in the way of any movement which is in the right direction, and will not do so now—there should be an expert review of the whole problem of social welfare and health in Canada as it applies to the dominion and the provinces. In such a review reference might properly be made not only to the provinces and to other interests concerned but also to the major voluntary welfare agencies in Canada which have done such excellent work and whose knowledge on this subject may be regarded as particularly expert.

But the administration has decided that this ministry will be set up in any event. It only goes to show, I think, the necessity which I pointed out in the first place, the really great need for a complete movement in unison with the provinces and other interests which are specially concerned in order that we may tackle this whole problem of social welfare together, and not in any piecemeal fashion, because it is one of the most important and vital problems that face this nation to-day. I make this suggestion to the Prime Minister, and I am hopeful that it will be accepted. In view of the fact that of the four different areas, four different fields if you like, which I mentioned, three are within the local jurisdiction of the provinces and the municipalities, and the fourth is more particularly within the field of the dominion, there should be two bodies set up. One of these bodies, if I may suggest it, would be the dominion health, welfare and assistance body, comprising representatives of the dominion and the provinces, a body which would work continuously and concurrently to try to solve the problems which normally would rest upon a ministry such as this in dealing with these three particular areas which I mentioned a moment ago and which are divided in their jurisdiction.

In addition to that there should be a body to deal with a dominion insurance and social savings fund which would have full administrative power over all contributory social provisions. That would cover the area which is peculiarly within the purview and the jurisdiction of this parliament.

I make that suggestion to the Prime Minister with a view to strengthening the bill. As I said a moment ago, I have no desire to do anything that would in any way delay the passage of a measure which is moving in the right direction. My only purpose is to speed it on its way and to make it more workable and more efficient.

I do suggest that the Prime Minister might well consider sending this bill to the social security committee. That would give us the opportunity of hearing witnesses on behalf of the provinces with respect to the measure itself, so that we might have the very best possible measure and the most advanced scheme of health and social welfare which this parliament and this nation could devise. We are anxious to obtain the very best, and it is for these reasons that these suggestions are put forward—not, as I have said, as obstacles to the passing of a measure which is a move in the right direction, but rather that we may have as complete and as advanced and as workable a measure as we would like to see. In times like these, when, we are dealing with problems of such magnitude, affecting the very lives and the human welfare of our people, we cannot afford to have anything less than the very best in the way of legislation. This may not be the best.

With these suggestions, which I hope will be found to be constructive by the administration, may I say to the Prime Minister that if there is anything which we in His Majesty's Loyal Opposition can do towards bringing about a better deal, and a squarer deal, if I may say so, for our under-privileged people and for those who need assistance, that help will be freely given in a cooperative and special way which I hope will not only meet with the favour of the nation and of this parliament but will be a credit to those of us in the House of Commons who attempt to do and give our very best in the advancement of this worthy work.

Mr. LEADER: Mr. Speaker, I have been asked to adjourn the debate but before doing so I want to say a few words on a question of privilege. Last night there was an understanding that we would take up first this legislation,

which we have done. Now we are to revert to other bills which the Prime Minister declares it is imperative to have passed before the 1st of July. No intimation had I received that this procedure was to be followed. Can you imagine the howl which would have gone up from the other side of the house had an arrangement been made with them and then this sudden change was made in the procedure? They would never have stood for it. But as a humble member of this house I must accommodate myself to the convenience of the government to facilitate the business of the house if there are other measures which they wish to take up. I have been told that these other two bills will pass swiftly because members on the opposite side of the house have agreed not to discuss them. But I know what might happen to what I have to say if I move the adjournment of this debate, because I have seen it happen in the house before. I have seen a member move the adjournment of a debate, and the debate was never resumed during that session. That might happen in this case. I have no guarantee. I assume it is understood that this bill will be taken up again immediately after the two money bills are disposed of. If for any reason, as I explained to the Prime Minister last night, I am unable to be here, may I claim the privilege to speak on section 5 of this bill before it passes? I do not ask for an assurance, but that is the position I am taking in adjourning this debate. I may sit here if I am able to until it comes on. If I can I will be here. With these remarks, Mr. Speaker, which I make with no particular animosity but with a little disappointment, I move the adjournment of the debate.

Mr. MACKENZIE KING: In reply to my hon. friend, as a matter of privilege, if he will recall, I intimated last night that the bank bills would be taken up first.

Mr. LEADER: That is true.

Mr. MACKENZIE KING: My hon. friend said that he wished to speak for forty minutes on a matter of importance relating to health. It was then twenty minutes to eleven o'clock and, out of what I felt of consideration for him, I suggested that instead of his taking twenty minutes then and going on again and concluding what he had to say to-day, it would be better for him to wait until to-day to make his speech without having it broken. My hon. friend agreed to that.

Mr. LEADER: I appreciated the arrangement.

Mr. MACKENZIE KING: Then may I say, having in mind my hon. friend's desire to speak early in the debate and to be free before the afternoon was over, before adjournment came last night at eleven o'clock I announced to the house that I had changed my mind about the order of proceedings, and I changed it in the hope that I might be accommodating my hon. friend by having this measure called first, thereby letting my hon. friend make his speech before we took up the other measures. I proceeded in that way. While I was speaking this afternoon I received unexpectedly a note from the Minister of Finance and, as hon. members saw, was obliged to pause and read it. My colleague indicated that it was very important, as royal assent would have to be given before July 1 and as the other house would have to pass them first, that these banking measures should go through this house as soon as possible. Having that imperative request before me I said, before continuing with my remarks that I thought the debate should be adjourned after a reply had been made, in order that the other measures might be taken up.

I know nothing about any understanding, but I should be surprised if these measures would take any time. I thank my hon. friend for moving the adjournment of the debate, and I can assure him that as soon as these measures have passed we shall continue this debate immediately.

Motion (Mr. Leader) agreed to and debate adjourned.

BANK ACT AMENDMENT

EXTENSION OF CHARTERS TO SEPTEMBER 1, 1944

Mr. D. C. ABBOTT (Parliamentary Assistant to the Minister of Finance) moved the second reading of bill No. 147, to amend the Bank Act.

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

QUEBEC SAVINGS BANKS

EXTENSION OF CHARTERS TO SEPTEMBER 1, 1944

Mr. D. C. ABBOTT (Parliamentary Assistant to the Minister of Finance) moved the second reading of bill No. 148, to amend the Quebec Savings Banks Act.

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

On section 1—Certain charters continued.

Mr. COLDWELL: Mr. Chairman, as we have always hoped that some day the banks of Canada may be owned by the nation, perhaps I might say a word at this time. The bill

to extend the charters of the banks has been approved by the house, and the banking and commerce committee is now in session discussing the amendments to these charters. I see no objection to this bill going through. I think it is proper for the government to extend the charters for two months in view of the anticipated report of the committee to the house. I wanted to make this brief explanation of our support of the extension of the charters for the ensuing two months.

Mr. FRASER (Peterborough West): I should like to ask the parliamentary assistant to the Minister of Finance if he expects that we shall get to the Bank Act by September 1?

Mr. ABBOTT: I have always carefully refrained from indulging in prophecy, and I think I will continue that practice.

Section agreed to.

Bill reported, read the third time and passed.

NATIONAL HEALTH AND WELFARE

CREATION OF DEPARTMENT FOR MANAGEMENT AND CONTROL OF SOCIAL SECURITY AND WELFARE

The house resumed consideration of the motion of Mr. Mackenzie King for the second reading of Bill No. 149, to establish a Department of National Health and Welfare.

Mr. HARRY LEADER (Portage la Prairie): Mr. Speaker, this bill affords me an opportunity to discuss what might be termed the almost forgotten man. Lest anyone should have any doubt as to the theme of my remarks this afternoon, I state now that I intend to deal with the Davidson cancer cure and try to give the latest developments which have taken place since this matter was first introduced into this house.

I was glad to note the reference by the Prime Minister (Mr. Mackenzie King) to the intention of cooperating with the provinces under this legislation. I know that that is extremely necessary, because under that musty old statute called the British North America Act, which was passed seventy-seven years ago, the federal government is pretty well tied up when it comes to dealing with matters within the jurisdiction of the provinces. That has happened in connection with the investigation which we tried to have into Doctor Davidson's work, and I think this bill will have the effect of creating a better understanding between the provinces and the federal government.

When I first undertook to press for a recognition of Doctor J. R. Davidson's work, I approached the medical association of the city of Winnipeg where Doctor Davidson resides.

I thought that that was the proper procedure to follow. However, I was informed that Doctor Davidson was a stubborn old man who would not play ball with the rest of the profession. That statement astounded me, because I was under the impression from my conversations with Doctor Davidson that he had offered everything he had discovered to the medical profession through the medical periodicals which are printed from time to time. However, he did tell me that there was some difference of opinion and that he found it better to explore his own clue and follow it through to the end without having any suggestions from others, however well-meaning they might be. He was carrying on his research work more or less independently of the medical profession. At all times the information in regard to his experiments was available to the medical profession if they so desired. I found Doctor J. R. Davidson of Winnipeg a very amiable and conscientious man, willing to cooperate with anyone, and as evidence of the truth of what I say I will read a short paragraph from a letter he wrote to the medical committee of the national research council when he applied for a grant. And by the way, let it be remembered that the medical committee of the research council refused Doctor Davidson the grant to carry on research work on the ground that the answers he had given to their questions were not on a scientific basis. Let me say in passing that I have never heard Doctor Davidson say one word derogatory to the medical profession or any person belonging thereto. This is what he writes:

> It is my earnest hope that through the decision of your committee the medical profession of Canada will be able to preserve for the future whatever elements of value there may be in my treatment. In that event I would be happy and would feel that my life work had not been done in vain.

That is the attitude he took towards the medical profession even to the last, when he was turned down by the medical committee of the research council.

And now may I say a word with reference to the doctors. I know they can speak for themselves, but I have had a good deal of experience with doctors. They have helped me in many crises in my life, and I am not going to say that they are one of the finest classes of people; I will say that they are the finest men we have in our citizenry. More particularly do I say this having regard to the old pioneer doctors who, without the aid of automobiles or any of the other modern methods of transport, went to their patients, no road being too long, no night too dark, no fee too small for those men in the pioneer

days. And all through the years the doctors have conformed to that pattern, even the modern doctors of to-day.

It has been said that I have no right to speak on a scientific question of this sort. Mr. Speaker, I speak from experience; I speak from the practical standpoint; and while I have said a word for the doctors, I am speaking at the same time for those who are afflicted with this terrible disease, and from my experience as a victim of it, coming from a clinic after an exploratory operation taking two hours. It was not just a physical exploration, because there is a ten-inch incision where they operated and found my case hopeless. I speak from experience, knowing what Doctor Davidson has done for me, and my heart bleeds for those in a similar condition. I therefore dare to get up and speak even on a scientific question.

I have done what I could to spread this gospel. Of 7,000 copies of the speech which I made in this house on February 7 last, over 6,000 have been distributed throughout Canada. I am receiving letters from all over the country, and public opinion is behind my efforts. If the government does not know it, it is time it did. I had occasion to be in Calgary during the first week of April and they arranged a meeting for me. We did not have a large meeting, but it was a meeting that was in deadly earnest, and I am still getting reports from people who are working throughout that city asking that the government take some steps to safeguard the discoveries of this great Canadian, Doctor J. R. Davidson. I had a meeting in my own city and later I am going to read a resolution that was passed there. I may say that a Mr. Pugsley, who represents the legislative committee of the railway associations of British Columbia, has been in Winnipeg during the past week making a private investigation of the work of Doctor Davidson. That is the work that is going on throughout the country, and yet we find the federal government and the government of Manitoba, who are just as guilty, passing the buck. There is no other term that fits the situation.

The resolution from which I am about to quote was endorsed by the city council of Portage la Prairie, by the rural council of Portage la Prairie, and, the other day, by the Manitoba federation of agriculture. I am not going to quote the whole resolution because it would take too much time.

Mr. MacNICOL: Take time to quote it. It is important.

Mr. COLDWELL: Put everything on the record.

Mr. LEADER: I want you to notice that the resolution asks for a full and fair investigation open to the press and to the public, and in passing I would say that the very opposite is the attitude taken by the medical committee of the research council. While I was in Winnipeg a representative of the research council said to me, "Mr. Leader, we will have an investigation if you are determined, but let it be in camera. These patients that you talk about do not want their private affairs exposed to the world. I think it would be better for you, for the patients, and for the medical profession, if we are to have an investigation, not to carry it out in the daylight." These resolutions, however, and the attitude of Doctor Davidson, request a fair investigation open to the press and to the public. Their idea is to let the people judge as well as the tribunal which will make the investigation. I quote from the report of the meeting that was held in Portage la Prairie:

> A full and fair investigation into the Doctor Davidson cancer treatment, to be open to the public and the press, was also endorsed by resolution.

Reverting to the resolution passed at the meeting in Portage la Prairie, it was held under the auspices of the board of trade, being a mass meeting in the largest theatre in the city, which was filled almost to the doors. Those present were enthusiastic and the resolution was endorsed unanimously. I will not read the preamble, but here is the substance of the resolution—the Prime Minister has a copy; if he has not, then they did not follow my suggestion:

> Now therefore be it resolved that in view of the ever growing menace of cancer to the national health, we urgently request the federal government and the provincial government of Manitoba, acting either separately or in co-operation, to hold without further delay a full and fair investigation into the Davidson cancer treatment. It is essential in our opinion that this investigation should be open to the press and the public.

Now perhaps a word in regard to mortality from cancer as compared with war. I made the statement last night to the Prime Minister that the matter which I wished to discuss was in my opinion, in some aspects, more important than even the war itself. Anyone who wishes to do so may qualify that statement, but in my opinion there are aspects of this disease which present a more important problem. In the first four months of the war—scarcely four months, in 1939—there were estimated to be 4,383 deaths from cancer.

Mr. MacNICOL: In Canada?

Mr. LEADER: In Canada. These figures are from the bureau of statistics and they are

complete. In 1940 there were 13,332 deaths from cancer; in 1941 there were 13,417; and in 1942 there were 13,654. In 1943 there were 14,000; in the first six months of 1944—this is an estimate—there were 7,000. The house can see that there is a progressive increase year after year, and this goes on not only in war time but in peace time. One would think that any government or individual would be so keen to find anything that would stop the ravages of this fatal disease that they would jump at almost any clue that was submitted. That makes a total of 61,403 deaths. I have not the latest figures of the casualties of this war, but I think the number of heroes that we have lost amounts to 20,000. I think I am conservative in saying that that number have given their lives in the service of their country. That means that for every Canadian soldier who has lost his life so far in this war three people have died in this country from cancer. This would verify the statement that in some respects it is even of more importance from the point of view of casualties than the war itself.

Now, in regard to cancer, I am not a scientist, yet I have received information from those who are. I am told there is no cure for cancer unless it is treated in its early stages. That is the information I have received from the Mayo clinic; that is the information I have received from many doctors. Do not confuse my argument. I am not saying there is no cure for cancer, but I am saying on the authority of the best medical men in this country that there is no cure for cancer in its late stages. Doctor Davidson, that poineer doctor, when as a consulting physician in the hospital in Winnipeg he saw case after case of cancer coming in for treatment, diagnosed as cancer in which an operation was the only thing that would solve the problem or help the situation, and most of them dying, decided that he would give the rest of his life to trying to find a preventive. I want the house to remember that above all others his work has been along that line. He has been seeking the prevention of cancer rather than a cure.

Doctor Davidson believes that cancer is caused by a nutritional deficiency in our diet. I do not know how true that is, but I can speak of my case. I would not be here to-day were it not for the vitamin treatment of Doctor Davidson in Winnipeg. You can take that for what it is worth. I have been told that the patients do not know anything about it. Well, we may not know how it is done, but we do know when it is done. Doctor Davidson is not the only man who has been experimenting along this line. I was told by a friend of mine in Winnipeg that I would find information in a publication, the name of which I forget at the moment, but I think it is the annual review of the national research council, to the effect that many medical doctors are experimenting in England and in the United States, and quite a number in Canada and perhaps throughout the world along similar lines.

Mr. MacNICOL: I know of three in Ontario.

Mr. LEADER: They have been experimenting along this line, and some day we are going to honour the medical man who finds either a cure or a preventive for cancer. The medical profession is looking for it. Doctor Davidson said that he wanted the medical profession to receive all the information that he has. He believes that they are the ones who should carry on the work. With all these doctors and scientists throughout the world, along with Doctor Davidson, exploring the theory of deficiency in diet, it may be that he is the one who has the clue. Perhaps Doctor Davidson is the one who will show the light to the rest of the world in regard to the prevention of cancer. If we could get some preventive for cancer we would need no cure. That is obvious.

On this point I wish to say that I think more money—and I believe it was announced by the Minister of Finance (Mr. Ilsley) last night—should be made available for research work, especially medical research, in Canada. But at the same time, if Doctor Davidson's work is ignored, how is it going to affect the young scientists who want to follow that line of work? It would not be an incentive to any young doctor to undertake this work if men like Doctor Davidson, a pioneer doctor, experimenting for over thirty years, and who has something which I will show the house before I finish if I am given the time, is ignored.

I said something about the medical profession not being keen on accepting Doctor Davidson's theories, and that is very evident. I wish to tell you, Mr. Speaker, that my last speech had much publicity. I had it printed in pamphlet form, and one of the requests I received came from one of the South American republics. I sent a number of copies and to-day those speeches are translated by the government into the Spanish language and are used by the government cancer clinic of the Dominican republic. I saw two letters in Doctor Davidson's office from research men—I believe they were institutes—asking Doctor Davidson if he would come to California and carry on his experiments there. I have recently received word that two requests have come from England for Doctor Davidson to give some information on his work and perhaps

emigrate to the old country. He does not want to go. Do we want to lose him? Is there not room in Canada for men of that type? I say to the Prime Minister that if Doctor Davidson's method is sufficiently attractive to foreign countries to cause them to seek information about it, it should be taken up by the Canadian government.

It is nearly a year since this matter came before the house. It was brought up by the hon. member for Fort William (Mr. McIvor) and then by the hon. member for St. Boniface (Mr. Howden). Both hon. members suggested that the government should assist Doctor Davidson in some form or other to carry on his research work. As I said before, nearly a year has gone by. It might be well to go back and look at the figures I submitted a while ago. Approximately 14,000 of our people have perished from cancer in that time and no action has been taken. Speaking according to my own conscience, Mr. Speaker, I will say it would charge me with criminal negligence if I did not undertake to bring this matter before the house at every opportunity that presents itself until some action is taken by those in authority.

It would be unfair for me to leave the impression that the Minister of Pensions and National Health has not been very sympathetic; I believe he tried to do his best within his limited power but sympathy is not going to get us anywhere in regard to this case. We want definite action.

Mr. KUHL: Who was the nigger in the woodpile?

Mr. LEADER: It was first referred by the minister to the medical committee of the research council, which was not the proper thing to do, and I so stated in my first speech. Why? Because it was prejudged by some of the members of the research council, at any rate. That is not a proper tribunal to make an investigation into this matter. Nevertheless it was submitted to the national research council and they gave their verdict which, as I expected, was that Doctor Davidson was not entitled to a grant to help him carry on his work. Then the minister referred the matter to the Manitoba government, and asked the medical faculty of the university of Manitoba to conduct an investigation. The president of the university said they would be glad to do so, but made his acceptance provisional. He said, "We want to make a thorough investigation, and to call witnesses. This will entail some expense, which we expect the federal government to defray." That was the condition on which the university undertook to carry on the investigation. I know the minister explored the possibility of giving the province some financial aid, but came up against the British North America Act and could not make a move.

Then what happened? The minister referred the matter again to the national research council, and I do not agree with that action. Now let me give the latest information as to what the government has in hand at the present time. The document I have in my hand, which is authentic, declares that—

—the dominion has no jurisdiction to investigate its remedial aspects. It would, therefore, appear to be a provincial matter, and it is regretted that there is no further action which can be taken.

So it is left to the government of Manitoba, and perhaps we should look into the attitude of that government, which is set out in a short quotation I have here. It is a statement in the press attributed to Premier Garson, and reads:

Premier Stuart S. Garson suggested in the Manitoba legislature Monday that no financial assistance be given to Doctor J. R. Davidson of Winnipeg in his cancer research until a report on the work is made by the medical faculty of the university of Manitoba.

Mr. Garson said dominion pensions minister Ian Mackenzie had requested the medical faculty to conduct a further examination of Doctor Davidson's vitamin cancer treatment experiments. "We would be derelict in our responsibility if this house made a grant to assist Doctor Davidson before the report has been received," he said.

To be fair to the premier of Manitoba it must be stated that when he made this statement he was under the impression that an investigation was to be undertaken by the university of Manitoba; but that is the attitude of the government of that province. Now I am coming to the most important part of my remarks.

Mr. COLDWELL: What would prevent the federal government from making a grant?

Mr. LEADER: The British North America Act.

Mr. COLDWELL: But under the War Measures Act we are making grants of all kinds for every purpose.

Mr. MACKENZIE (Vancouver Centre): The Department of Justice advised against it.

Mr. LEADER: The Prime Minister said I had asked for an hour; I really thought it was forty minutes, but it will take me fifteen minutes to read these letters; for this is the evidence I want to submit to this house. This is the evidence I am breaking my heart to bring before the appropriate authorities in the

matter of an investigation into Doctor Davidson's work. This is worth more to me than all your scientific questionnaires or scientific methods of carrying on your work. These letters are from the patients themselves. I have ten letters here, written to me at my request. I asked Doctor Davidson's office in Winnipeg to get me some personal testimonials if possible, that it might be necessary for me to have some more ammunition. These letters were written and sent to me direct, with authority to use them in any way that might assist Doctor Davidson in his research work. I can give the name and address of the writer of each letter if it is the wish of the house that I do so.

Some hon. MEMBERS: Go ahead.

Mr. LEADER: The first letter is from the wife of a man who was suffering from cancer, and is as follows:

Dear Mr. Leader:

Received Dr. Davidson's letter to-day requesting we write you giving details of my husband's case. We have felt, like you, there should be some recognition of his treatment before his own health fails.

My husband's illness was caused by X-ray burns, the same being given for treatment of cancerous growths. The first growth appeared on his forehead about eleven years ago and diagnosed as cancer. A skin grafting was done. Four years later another growth and more grafting. Two years ago another growth which did not respond to grafting and ulcerated. X-ray taken which showed bone involved and diagnosed carcinoma, type 4.

Dermatologists who saw him in Detroit in April, 1943, said he could live only a matter of a few months.

June 1943 doctors at Mayo clinic who saw X-rays said nothing more could be done.

In July he was losing weight and strength rapidly and weighed 149 pounds. Considerable pain in head. In desperation we left the 24th of July for Winnipeg to see Doctor Davidson after reading in the papers about him. In fact, Mr. Leader, you opened Doctor Davidson's office door for us the morning we arrived. You were just leaving and Doctor Davidson told us who you were.

The first week in Winnipeg he spent in bed except to walk from the Marlborough Hotel, one-half block from Doctor Davidson's office, once a day. After the first week's treatment he was able to be up the greater part of the day. He now weighs 169 pounds—twenty pounds gained and is very active with scarcely any pain. He continues faithfully with the treatment.

Doctor Davidson did not say he could cure him due to the extreme X-ray burn which destroyed cells of the skin but he did say he could retard the progress of the disease which he certainly has done and we are certainly grateful. My husband is only 44 years of age and he certainly is not willing to give up and has two lovely children to live for. If there is anything we can do please let us know. Thank you for the good work you are trying to do.

Sincerely,

(Sgd.) Mrs. Frank Penhole,
98 Gladstone Avenue,
St. Thomas, Ontario.

The next letter is from West Kildonan, Winnipeg, and is as follows:

Sir,

I am a housewife of Winnipeg.

I have had a very serious illness, and had to be operated on for cancer. The operation was performed on the 20th of March, 1943.

Afterwards my doctor said there was nothing more could be done for me and that I could only live six months, or a year, at most. I had heard of Doctor Davidson so consulted him. I underwent his treatment (and still do) and I must say that I have improved greatly from it. I have gained about seven pounds in weight. I eat well, and what is more important I sleep well, and I have every confidence in Doctor Davidson and feel quite sure I will be cured. I have been examined by my previous doctors (since undergoing this treatment) and they are astonished at the change and they report that there is no further growth of the cancer.

I had read of your taking up Doctor Davidson's case in the house so I thought I would write and let you know the benefit I have got from being treated by him.

Very truly yours,

(Sgd.) Mrs. Annie Faickney,
184 Belmont Avenue,
West Kildonan,
Winnipeg.

The next letter is from a gentleman who lives in Miami, Manitoba, as follows:

Dear Sir,

In 1939 I had a large painful growth on my left groin. I had it examined by five surgeons, including Doctor Rutherford MacCharles and they all agreed it was a sarcoma. The only treatment they could advise was an operation, and I was given to understand an operation for sarcoma was very unsatisfactory and usually caused it to spread to other parts of the body. I went to Doctor Davidson and commenced the high vitamin diet and in November radio malt, wheat germ, high vitamin pills, etc. For two weeks I stayed in Winnipeg and he gave me a hypo in the arm daily of egg serum. I went home then and continued the diet and the fertile incubated egg treatment. The growth began to soften first and gradually got smaller. After a month's treatment I could walk short distances without pain. By spring the growth had disappeared and I had the full use of my leg again.

I went to Morden hospital near the end of March and had Doctor Menziers remove a gland where the growth had been and sent to Winnipeg for a biopsy but I was too late doing this as there was nothing left of it.

The treatment, in addition to taking away the growth, improved my health greatly. At fifty-seven I can do more heavy work on the farm than I could for many years.

Yours truly,

(Sgd.) H. H. Storey.

The next letter is from Mrs. Frances Eakin, addressed to me, and is as follows:

Beaver Valley Fur Farm,
Ootsa Lake, B.C.
March 3, 1944.

Mr. Harry Leader, M.P.,
House of Commons,
Ottawa, Ont.

Dear Sir:

This letter is with reference to the treatment for cancer I received from Doctor J. R. Davidson of Winnipeg.

Here is a short history of my case. I went to Vancouver in January, 1942, where I was operated on and a growth removed from the womb. A frozen analysis was taken of the growth by the pathological at St. Paul's Hospital in that city and it showed that the growth was cancerous. The operation was followed by x-ray and radium treatments. When I got well enough I returned to my home and before six months were up found myself with a secondary growth in the bowels. I returned to Vancouver where they performed a colostimy operation, supposedly to relieve me. When I got back on my feet again after this operation they told me I would only live six months or a year at most which was quite a blow as I was only 32 years of age.

In March 1943 I went to Doctor Davidson and took his treatment for five months. At the end of that time I was so well I was able to come home. I have been home now for almost six months, feeling fine and able to do my own work.

Doctor Davidson's treatment benefited me to the extent that I know I would not be living to-day if it had not been for his treatment.

At the present time I am feeling fine and have no trouble except with the colostimy operation which was unnecessary in the first place.

My husband joins with me in wishing you every success in your appeal to the government for help for the doctor. We think he richly deserves it.

Yours very truly,
Mrs. Frances Eakin.

The next letter is as follows:

Libau, Manitoba,
February 22, 1944.

H. Leader, M.P.,
Ottawa, Canada.

Dear Sir:

Having followed your sincere endeavours at obtaining a grant for Doctor J. R. Davidson's cancer research through the daily papers I would like to help you all I can in that direction. It is not necessary for me to outline Mrs. Wanag's case history in this letter as you already have it among other of Doctor Davidson's case histories. I do wish to emphasize the fact, as you will note from enclosed letter, that the Winnipeg clinic could do nothing more for her in July, 1943. She took her first treatment from Doctor Davidson on July 23, 1943, and continued improving remarkably until about the end of November, 1943, when due to scarcity of help Mrs. Wanag did too much work at home and her improvement has been considerably retarded. Then she also had a severe attack of lumbago during January, 1944, which caused her terrible pain and suffering. The lumbago has now all but left her due to Doctor Davidson sending her to a masseuse for eight treatments. I expect she should now continue to show some improvement in her fight against the cancer. She strictly follows all diet and prescriptions, et cetera, and has faith in Doctor Davidson's treatment, because she is definitely better than she was during July of last year.

Then follow two short paragraphs which, to save time, I shall not read.

Mr. COLDWELL: Take all the time you wish.

Mr. LEADER: The letter I have just read is from J. L. Wanag. The next letter is as follows:

Kenora, Feb. 25, 1944,
327 2nd Street South.

Mr. Harry Leader, M.P.,
House of Commons,
Ottawa, Ontario.

Dear Mr. Leader:

Having seen through the medium of the newspapers of the interest you are taking in trying to bring to the attention of the government the wonderful strides in cancer research being made by Doctor J. R. Davidson, of the Somerset Building Winnipeg, Manitoba. And feeling that every bit of evidence which may be placed in your hands should be provided, in order to get the government to realize that the Doctor is worthy of their support in every way. I am writing you this letter to be used in any way you think best, hoping that it may in its own poor way aid you in bringing about that recognition.

I was suffering from cancer of quite long standing and, like so many so afflicted, deferred getting medical attention until it was almost too late. Having the natural human antipathy to anything surgical, when I did commence to get medical advice about my trouble, tried those mediums which I believed would give me relief without recourse to the use of the knife. But to no avail, for these things did me no good whatever. Finally I heard from an acquaintance of long standing that she had been cured of a cancerous growth by taking the treatments afforded by Doctor Davidson, and I became one of his patients.

Doctor Davidson did not mince matters when he examined me, but told me what disease I was suffering from and that it was a case of operation, for I had left it too long to be cured otherwise. But, I did start to take the treatments provided by him and continued them for several weeks, as a build up, preparatory to the operation. I am as convinced as I am that I am alive right now that the treatments that I received in Doctor Davidson's office laid the foundation for me to come through the operation as I have, for that is behind me now. I also firmly believe that a continuation of the treatment for a period of time will eventually cleanse my blood of anything cancerous, and that I will again be as healthy as ever I was in all my lifetime.

I believe that the citizenry of the country owe a great debt of gratitude to Doctor

Davidson for his untiring research for a cure for cancer. I know that I do personally and I am sure that you are making no mistake in furthering his cause. I am.

Respectfully yours,
Pearly Doan.

The next letter is as follows:

% Sobie Silk Shops,
Regina, Sask., Feb. 23, 1943.

Mr. Harry Leader, M.P.,
Portage la Prairie, Man.

Dear Mr. Leader:

I have just received a letter from Doctor J. R. Davidson, Winnipeg, stating you have requested that patients who have been treated by him for cancer write to you direct, and it gives me a great satisfaction to be given the opportunity. Following is a brief history of my case and a statement of the present condition of my health.

I was operated on for an abdominal tumor at the Grey Nuns hospital, Regina, on February 8, 1943. A large cyst envolving the right ovary was removed and section of same showed signs of malignancy. I was referred to the Cancer Clinic on report of section and was given a series of forty deep X-ray therapy treatments after which I was given a complete examination and informed there was not any sign of a recurrence. However, with the gradual return of pain even while I was still receiving X-ray treatments I naturally became alarmed. By the end of June there was a steady throbbing pain in my lower left side where an unnatural fullness was evident. I attempted to go back to work in July (my occupation being that of a saleslady), but toward the end of the second week in August I did not feel equal to work any longer. On the 16th of August I went to Winnipeg and consulted Doctor Davidson who immediately began treating me. At the end of five weeks of treatment the pain was definitely subsiding, and after ten weeks of treatment the pain was negligible and the distended feeling was also disappearing. By the time I had received three and one-half months' treatment I did not have any more pain, had more energy and slept better and felt better than I had for years. I came back to Regina on the 21st of November, have worked every day since and have gained in weight and strength while working.

Sincerely hoping Doctor Davidson's method of treatment of Cancer will be made available to all with the least possible delay, I am,

Gratefully,
Perley B. Dohlen.

The next letter is as follows:

Miami, Man.

Dear Mr. Leader:

I want to tell you how much I have been benefited in health by Doctor J. R. Davidson's treatment for cancer.

Three years ago I had cancer in the throat. It was as large as a good sized plum and I spent most of the summer in and out of bed. I took the treatment by Doctor Davidson for three weeks.

In two weeks it made the lump soft and let down enough swelling so that Doctor Davidson could get in my mouth to heal the sore. I stayed one week more then came home and continued on the treatment at home. By spring it began to feel pretty good and was able to do a little work. Now I am able to work from morning until night. In summer I look after 25 hives of bees, help with the chickens and do all the home sewing. I am sure if it had not of been for Doctor Davidson's treatment I would not be here to-day.

Miss Frances Fry.

The next letter is as follows:

Inwood, Man.
Feb. 23, 1944.

Mr. Harry Leader, M.P.
House of Commons,
Ottawa, Ont.

Dear Mr. Leader:

I read with much interest your speech given in the House of Commons on February 7, *re* Doctor J. R. Davidson and his work on cancer. I wish to say that I developed cancer in the breast and I went to Doctor Davidson for treatment, which I am sure helped me very much in building up my resistance prior to the operation which was very successful, after which I went to Doctor Davidson for further treatment which is proving to be a great success. The present condition of my health is very good thanks to Doctor Davidson's treatment.

With best regards, I remain,

Your truly,
Mrs. Julia Lanham.

Mr. SPEAKER: The hon. member's time has expired.

Some hon. MEMBERS: Go ahead.

Mr. GILLIS: Put it on the record.

Mr. MACKENZIE KING: Mr. Speaker, I rise to a point of order. I do not in any way seek to curtail the remarks of the hon. member, and I quite agree that he should be given permission to continue until he has concluded. There are special reasons why I think the house should be specially considerate of the hon. member, when he brings forward a matter for consideration concerning which he feels as deeply as he does about the one on which he has been speaking. I believe, however, it is important that there should be some understanding as to the latitude to be allowed in the discussion of measures on second reading. We are now dealing with a bill to create a new department of government. It is a matter of administration, and the question for debate is as to whether a department is or is not to be established. We are not being asked to decide upon or to debate all the possible matters which may or should come before that department; we are not at present to discuss the merits or otherwise of such matters.

This afternoon the hon. member—and from his point of view, very sincerely—has been discussing the question of the treatment of cancer, and the action the government should take. It seems to me that is a subject which the house might properly consider when an

estimate is before us, as for example when we are discussing grants by the federal government to public bodies for purposes of research. I do not see how we can possibly get through the business of the session this year if latitude of the kind being permitted at the moment to the hon. member is to be permitted in connection with the discussion of further measures. I know that there was wide latitude granted in discussing the question of reconstruction, but matters of reconstruction were related immediately to the bill, because there is not in existence a department in the nature of a reconstruction department. But we have at the present time a Department of Pensions and National Health; it is in existence, and it seems to me that, if the particular subject of cancer research were to be discussed at all, it should be discussed in connection with the work of that department and not mixed up with the question as to whether we are to establish a new department of government. I submit very respectfully to Your Honour that there should be some very careful limitation placed on the rights of members when discussion takes place on all kinds of things on second reading of a measure that is specifically for one purpose and one purpose only.

Mr. COLDWELL: Mr. Speaker, may I say something on the point of order raised by the Prime Minister? Private members have been denied the right to discuss private members' resolutions during the session, and that may have something to do with cases of this sort arising. May I point out, too, that the hon. member himself is not in particularly good health. We do not know when the departmental estimates upon which this matter could be discussed will be taken up, and I think it is in the interests of the house and of the government and of the country that the hon. member should be accorded the courtesy which I know the Prime Minister wishes to accord to him, and that he should this afternoon, in spite of the fact that the business of the house presses as I know, be given all the time he requires to present the case that he is making. I hope that the hon. member himself, and you, Mr. Speaker, will not feel obliged to curtail his remarks in any respect.

Mr. MACKENZIE KING: May I say to my hon. friend that I made it quite clear that I did not wish to curtail his remarks. What I am seeking to impress on the house and on His Honour the Speaker is that if we are going to regard this as a precedent we may have some other member follow the hon. member and begin to deal with the question of tuberculosis, and then someone else take up some other disease about which he also feels very deeply. It is part of my duty as leader of the house to see that its business is expedited and also that it is carried on in accordance with the rules.

Mr. COLDWELL: I think the house will support the Prime Minister if some other member attempts to regard this as a precedent. That is what should be done, except under the very special circumstances under which the hon. member is speaking this afternoon.

Mr. SPEAKER: I recall, as the Prime Minister has pointed out, that in the debate on reconstruction I was in extreme difficulty to know what was relevant and what was not relevant, but it seemed to be the wish of the house that there should be more or less latitude given in that debate, and it was so given. To-day I have also been considering the relevancy of the remarks made by the hon. member for Portage la Prairie (Mr. Leader) and I came to the conclusion that while his remarks were not strictly relevant to the bill I would prefer that the point should be raised before the house. To-day the hon. member has spoken with the full acceptance of the house under circumstances in which I have perhaps extended my powers in order to give him this opportunity.

But the point of order having been raised I must say that the hon. member's remarks are somewhat irrelevant to the bill and might more properly be discussed on some estimate or other proceeding before the house. The hon. member is now concluding, but I would point out this, as I did in the debate on reconstruction, that while relevancy after all is a very broad term, it has some degree of certitude with regard to the provisions of a bill. We are dealing with the setting up of a department, and now that the point of order has been raised, I shall endeavour to keep the house to the terms of the bill.

Mr. HOWDEN: I would like to point out to Your Honour that in the body of the bill reference is made to research. The subject which the hon. member for Portage la Prairie has been discussing is a festering sore which has to be dealt with at some time in this country, and we might as well deal with it at some convenient time because it will go on until we get to the bottom of it. Truth will prevail, and we might as well know just what the truth is. Let us get to the bottom of it and know just where we are at.

Mr. SPEAKER: The hon. member realizes that the hon. member for Portage la Prairie has now exceeded his time. His forty minutes have expired.

Mr. LEADER: I wish to speak to the point of order, Your Honour. I appreciate the Prime Minister's anxiety, but I cannot say that I am so sanguine over his point of order. This is a bill to establish a department of national health, and if the subject of cancer is not a part of national health, I am all wrong. I was going to make this suggestion: I could have been finished by now if I had not been interrupted. There are three more letters here that I wished to read. May I ask that they be included in *Hansard* without being read, with the permission of the house? Then I shall conclude my remarks.

Mr. MACKENZIE KING: Certainly.

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. COLDWELL: I think the house would wish to give that permission and to hear the hon. member finish what he has to say.

Mr. MACKENZIE KING: Yes.

Mr. LEADER: I thank the hon. member and those who agree with him. The three letters are as follows:

428 Wardlaw Ave.,
Winnipeg, Man.,
Feb. 23, 1944.

Mr. Harry Leader, M.P.,
House of Commons,
Ottawa, Ontario.

Dear Sir:

I have been following your efforts as published in the local press regarding a government grant to Doctor J. R. Davidson to further his work on cancer research, and thought you might like to hear of my mother's case.

I took her to Dr. Davidson when she was eighty-one years of age. He has treated her for several years. Last summer she was able to travel to Toronto alone to visit Ed. Young, who is no doubt a friend of yours, as he was member for Weyburn for many years. She will be eighty-six in March. I would not say she has been cured, but the lump which had been diagnosed as cancer has disappeared from her breast and she has not suffered. It was difficult for the doctor to get her to eat the things she should as people of that age dislike changes in their diet.

I am quite certain of one thing, and that is that she would not have been spared this long had it not been for Dr. Davidson's treatment. I was in to see him a short time ago and he does not look any too well.

I do hope something will be done to further his work and honour him for he is a real doctor. If there is anything else I can do to help this worthy cause please advise me.

I might state that we are real old timers in Winnipeg having lived here for over sixty years.

Yours sincerely,

A. W. Peebles.

814 2nd St. S.,
Kenora, Ontario,
February 21/44.

Mr. H. Leader, M.P.,
House of Commons,
Ottawa.

Dear Sir:

I have been interested in your efforts to point out to the dominion government the valuable work being done by Dr. J. R. Davidson. As a recent patient, having been dismissed just three days ago with a 100 per cent cure, I would like to add my testimony in the hope that it may have some small weight in promoting Dr. Davidson's discovery.

A short time ago I consulted Dr. Davidson with regard to a lump in my breast. I had known of this condition for over two years, but as it was not inconvenient or painful, I postponed medical attention. A few months ago the lump grew larger and I became worried. At the time I consulted Dr. Davidson I was very run down physically and suffering from nervous strain. When the doctor examined my condition he advised six weeks' treatments, diet, and injections, then an operation. After five weeks' treatments I had an operation for breast amputation by Dr. Blakie. The quick recovery was marvellous owing to the previous build-up. Two days after the operation I was able to sit up for a short time and walk around the room without any feeling of weakness. Two days later I was allowed to leave the hospital. In one week from the operation I was able to walk to Dr. Blakie's surgery, have the stitches taken out, then go over to Dr. Davidson's office and continue the injections. I took more injections for three weeks, then returned home. At the present time I am in better health than I have been for years.

I would like to think that something could be done to enlarge the field for this wonderful discovery. As things are now it is very difficult for people out of town to take advantage of the serum treatments. In my case it meant leaving my position and living away from home for weeks when the injections only take a few minutes a day. Then again, unless help is given, only a limited amount of serum can be obtained. Having benefited so richly by these treatments myself and talked to many patients who, when hopeless, have been given a new lease on life, I would like to see these treatments within the reach of all who need them.

I sincerely hope that your efforts with the powers that be will be successful.

Yours sincerely,

Miss J. E. Waites.

Winnipeg, Man.,
February 21, 1944.

Mr. Harry Leader, M.P.,

Dear Sir:

I see by the *Free Press* that you are endeavouring to further the research work of Doctor Davidson in his treatment of cancer. And I for one do want to add my own personal experience as to what Doctor Davidson has done for me. About two years ago I was very run down in health weighing only 137½ lbs. My normal weight before that was around 150. In this run down condition I developed a growth in my breast which caused me very much concern. I went to three or four different doctors in the city and they advised me to have an

operation and have it analyzed and if necessary have my breast removed. One doctor said I had a definite growth in my breast. Another doctor, one of the best authorities in Winnipeg on this sort of trouble, said there was no doubt it was malignant and strongly urged me to have an operation, which I very nearly did, but I am so thankful to-day that I did not. I was told about Doctor Davidson by a neighbour. I myself laughed at the idea of being treated by a diet. I mentioned this to a couple of the other doctors, giving no names; one said, don't be foolish. The other said, you are just loosing good time. My health being so run down I was really afraid to chance the operation so I thought I would go and see Dr. Davidson anyway and see what he had to offer me. The very first thing he told me was that I was very run down and removing the breast would not cure the trouble. So he made out a complete diet of very nourishing foods, also advised me to take plenty of wheat germ, raw milk, etc., and gave me a prescription of vitamins to take. I began to regain health and strength almost immediately. It took quite a few months for the growth in my breast to disappear, but as I got stronger and my normal health and weight returned, this trouble has entirely disappeared, taking the growth with it. I would be more than willing now to have any doctor examine my breast and I certainly give Dr. Davidson all the credit. He saved me from an operation and most likely death, for I was in such a run down condition; none of the other doctors that had advised me to have an operation ever considered my run down condition. This is one point I especially do credit Dr. Davidson with. Now my general health is fine, I can now do all my own house work and just about back to my normal weight which I never thought I would be. Everyone saw me failing and wondered what was wrong. I only hope that more of the doctors would get next to this sort of treatment by building up the body to resist growths, which I have proven to be a fact, much superior to the knife.

Yours very sincerely,

Mrs. Ben Hardy,

56 Ruby Street.

I just want to conclude by asking this question: Is the Davidson treatment effective? If it is not, the public is being duped. In either case a thorough investigation should be instituted. All we want is a fair investigation to allay the suspicion which has been aroused in the public mind and to get to the bottom of this thing. I am sure that no one, certainly not myself, and I do not believe Doctor Davidson, would for a moment question a verdict brought in by a competent tribunal. If Doctor Davidson has got something, the world should know it. If he has not, the public should know that at once.

I conclude by saying that now that health is to be considered a provincial matter the federal government should make a grant to the province of Manitoba or to the university of Manitoba in order that this investigation may be made. We want the investigation to be made at the very earliest opportunity, and we want it to be free and open to both the press and the public.

That, Mr. Speaker, is the substance of my whole remarks, that a proper investigation be made of Doctor Davidson's work; and that can be done only by furnishing the necessary funds from the federal treasury to the province to make the investigation. I thank the house for its courtesy.

Mrs. CORA T. CASSELMAN (Edmonton East): Mr. Speaker, I wish to express my very great pleasure at the setting up of this Department of National Health and Welfare.

Health is under provincial control chiefly, and we already have progressive legislation and effective administration in many of the provinces. But there are many inequalities between province and province, complicated at times by the question of domicile. That is particularly so when the province passes the responsibility on to the municipality. The federal department has given increasing assistance in recent years, especially through its research bureaux and publications and through consultation with provincial administrators. All these contribute to the welfare of the people. But there is a much wider field, that of curative and preventive medicine, which affects the individual more directly. Two provinces have tried to bring in broad health acts, Alberta in 1935 and British Columbia in 1936, but they found too many complications for provincial control alone.

In the parliamentary social security committee, of which I am a member, consideration is being given to a dominion health bill. Study has been given to this matter by men who have wide knowledge concerning the legislation of other countries. It is remarkable that the three countries with the highest standard of living have been slow in producing an over-all health bill—Canada; and Australia is just now considering a further extension of its health measures. Progress in the United States has been slowed down to some extent. This may be owing to the fact that these are federal states and that these other countries, like ourselves, have difficulty in arranging matters which are partly under one jurisdiction and partly under another. I hope that consultation on these matters between the provinces and the dominion will straighten out these matters in order that the new department will have the power to go ahead with the plans placed before it.

I hope that we shall have the health bill before the house during this session and I will reserve any discussion of its terms until that time. If such a measure is adopted it

will go a long way toward raising the whole standard of living in this country. Sir William Beveridge has stated that one of the two main causes of poverty is illness with its attendant loss of income, and large doctors' and hospital bills. Many a family dates its fall from security to an expensive operation or the long-continued sickness of one of its members. The adoption of health insurance would prevent these heavy expenses from falling all at one time. Year by year payment of premiums will spread the cost of treatment. There will be a spread among those who have different incomes as well as a spread over the years for the individual. Preventive measures will reduce the incidence of disease. Then, too, all income will increase in value. There will be more left as purchasing power for other needs, because medical and hospital charges will be borne by the insurance fund. Old age pensioners will benefit, as will all children under sixteen years of age, and many others whose medical bills will be paid through health insurance. Think of the peace of mind in knowing that there is benefit by health insurance right through all the years of one's life. Through the cooperation of the provinces and the dominion there should be a much healthier population. The national fitness bill which was passed last year is just now coming into operation and will play its part in building up the positive health of the nation.

The second responsibility of this new department of welfare was also allocated to the provinces by the British North America Act. Each has set up its own machinery and most provinces provide for mothers' allowances, widows' and orphans' benefits and workmen's compensation. The federal and provincial authorities share the administration of old age pensions, while unemployment insurance is under the dominion. Canada has recognized already the need, and partly applied the remedy, but it is not broad enough, not deep enough; there are too many gaps and inequalities as between province and province. This dominion department should help to eliminate some of these inequalities.

I am most anxious to see the benefits to be provided by this social welfare measure set at as high a level as possible. We want to make available a decent standard of living. We want to see that the basic needs of food, housing, clothing, cultural privileges and recreation are provided. This income security should be a stabilizing influence in setting a level below which no one's income may fall. It is recognized in all these studies that there must be measures to ensure full employment. That is fundamental in providing a satisfactory standard of living in any country. Our aim is full employment of man-power and resources, but there will be emergencies when the individual finds it impossible to provide for himself through his own exertions. Then the state must come to his help.

This question of social welfare was one of the subjects of deliberation at the recent Philadelphia conference of the International Labour Office which I had the privilege of attending. I was assigned to the committee dealing with social insurance and medical care. The Canadian government delegation was in general agreement with practically all the recommendations made in the comprehensive survey. These run to many pages and seek to make continuous a minimum level of income regardless of the interruptions caused by those five great evils which Sir William Beveridge calls want, disease, ignorance, squalor and idleness. I should like to quote from the official bulletin of the International Labour Office. First I quote from paragraph 2 on page 6, which reads:

> Income security should be organized as far as possible on the basis of compulsory social insurance, whereby insured persons fulfilling prescribed qualifying conditions are entitled, in consideration of the contributions they have paid to an insurance institution, to benefits payable at rates, and in contingencies, defined by law.

I wanted to read that because of the word "compulsory" which was put in at the suggestion of the workers' delegation. Next I read section 7 on page 7, as follows:

> In order that the benefits provided by social insurance may be closely adapted to the variety of needs, the contingencies covered should be classified as follows:
>
> (a) sickness;
> (b) maternity;
> (c) invalidity;
> (d) old age;
> (e) death of breadwinner;
> (f) unemployment;
> (g) emergency expenses; and
> (h) employment injuries.
>
> Provided that benefits should not be payable at the same time for more than one of the following contingencies: invalidity, old age and unemployment.

I read that to show the broad coverage which was discussed similar to that found in the Marsh and Beveridge reports. The suggestion was made that all these measures could not be put into effect at one time because of lack of trained personnel to carry them out. We will remember that there was some difficulty when we brought in unemployment insurance because of lack of trained

personnel, a very important item in putting into force any measures such as these. I quote now from paragraph 22 on page 8:

Benefits should replace lost earnings, with due regard to family responsibilities, up to as high a level as is practicable without impairing the will to resume work where resumption is a possibility, and without levying charges on the productive groups so heavy that output and employment are checked.

I read that to show that the International Labour Office and others who have drawn up somewhat similar plans realize that there is a danger that income security may be coupled with indolence, complacency and unpreparedness on the part of the individual. That contingency has been considered and met by the provision that the thrifty and provident may increase their earnings through their own efforts and that those who do so will have a higher income. There is a fear in some quarters that those who show good common sense and prudent management in their economy will have to pay for the shiftless who will not take advantage of their opportunities. Mr. Churchill referred to this in one of his speeches. In order to prevent this, contributions are required from individuals during their earning years.

In New Zealand a registration fee, as well as income tax, is required. I asked Mr. Walter Nash how they collected the registration fee, and he said the applicant had to show his registration card when asking for employment. That would look as though the right to work is conditioned by the payment of the basic fee. You may remember, Mr. Speaker, that I tried to inform the hon. member for Cape Breton South (Mr. Gillis) of that fee on June 2. I should like to quote from an official publication entitled "Social Security, Monetary Benefits and War Pensions in New Zealand", as follows:

For the purpose of providing the necessary finance the act—

That is the social security act of 1938.

—establishes in the public account a separate account, called the social security fund.

Every person of the age of sixteen years and over is required to register under the act and, unless exempt, pay a registration fee, which for youths aged sixteen to twenty years and all females over sixteen years of age is 5s. a year, and for all males over twenty years of age 5s. a quarter.

In addition to the registration fee there is payable into the fund a social security contribution calculated at the rate of 1s. in the pound on all salaries, wages, and other income, and any other moneys that may be appropriated by parliament for the purposes of the social security fund, or that may otherwise be lawfully payable into the fund.

It will be noted that the rate is one shilling in the pound for every pound of salary. There is no graduated scale of income tax for this fund in New Zealand. The poor man pays as much proportionately as the rich man. In the case of our income tax a much higher rate is taken from the rich. The chief virtue of New Zealand's measures is, I think, the completeness with which they cover the contingencies that may arise. We admire the many-sidedness of the programme in New Zealand and Australia, and in that connection I would read a couple of paragraphs from a speech delivered at an International Labour Office conference by Mr. Barnard, chairman of the Australian parliamentary social security committee; and a member of the house of representatives:

In 1943 widows' pensions, invalid pensioners' wives' benefits, old age pensioners' funeral benefits, and a new style of maternity benefits were introduced with the support of the committee. More recently, unemployment and sickness benefits, and pharmaceutical benefits were passed into law. These two pieces of legislation will not begin until the government departments concerned have been staffed to operate. This should involve a delay of only a few months. The Australian government is meeting the cost of providing the people with these services out of the nation's consolidated revenue, and also from a special welfare fund established in 1943. The fund is financed by a graduated tax on all incomes and is collected through ordinary revenue channels. $90,500,000, or 25 per cent of the annual total amount collected in direct taxation each year, is paid into the fund.

I think it is worthy of note also that most of these benefits are at a minimum level in New Zealand and Australia. The New Zealand pound is worth around $3.50 of our money. The old age pension stands at thirty-two shillings a week for an unmarried person, and that works out at $25 a month in our Canadian funds. New Zealand, however, is ahead of us in making more liberal allowances for retention of property and other income. Their social security act of 1938 provides for universal superannuation benefits and states definitely that no person may receive these two benefits at the same time. Of course, to qualify for universal superannuation the individual must pay his contributions from time to time to the social security fund. The Australian benefits are not high either. Children's allowances begin with the second child, and are five shillings a week.

One more sentence from Mr. Barnard's address:

While these are not regarded as being by any means a high standard of subsistence, they form a basis upon which our social legislation can be built in future years.

I simply want to give these facts to the house, because I believe that a knowledge of

the underlying principles which have guided our sister dominions along this line should enable us to create a stronger department and to pass better measures for the department to administer.

There is much that I should like to say on this topic, but I will refrain from saying anything more at the moment. As we move forward along these lines we are inspired by the high ideal of bringing the ordinary comforts to all our people. Of course, that in itself will not bring them happiness, because I believe that your chief happiness consists in what you are and not in what you possess. It consists in being and not in having. And yet, as we enter this new age, which I firmly hope will be one of greater prosperity for everyone, and which will lessen man's inhumanity to man, participation in organizations such as the International Labour Office and other conferences in which Canada is represented can be of great help to us in instituting these services and in coordinating all our efforts in this direction. To gain and enlarge freedom from fear and from want is our objective.

Mr. T. L. CHURCH (Broadview): I wish to say a few words in regard to this particular bill. It was unfortunate that at confederation education and public health were not made subjects of concurrent jurisdiction as between the federal government and the provincial authority. That is one of the greatest mistakes ever made at that time. Here you have the federal authority and two other authorities, the provincial and the municipal. The fathers of confederation, in my opinion, made a mistake in creating the provinces at all; they were created for political and not for economic purposes.

As regards this particular bill, in the first place it has been unfortunate that the federal authority has not seen fit in many years past, between the two wars, to come to the aid of the provinces and the municipalities in regard to hospitals, public health and security and welfare, science, preventive medicine, surgery and so on. The federal department of public health from time immemorial, judging from what I have seen of it—and I have had a great deal to do with these problems—has been merely a skeleton department. It has done magnificent work in the last few years. Especially has it cooperated in public health matters and in science as well. It is regrettable, however, that something was not done long ago in this connection. The work of public health and hospitals has been largely left to the municipalities and private initiative by the provinces. Under our constitution, for the past thirty or forty years there has been a local board of health with jurisdiction over the municipalities. There is a provincial board of health and these provincial boards have been to a large extent simply regulatory bodies. They spend very little money and as far as one can see they confine their activities to regulation. The larger municipalities have had to bear practically the whole burden. Large municipalities like Montreal, Toronto and many other Canadian cities have had to give many of these services in connection with public health and hospitals and have also supplied water, sewers, transportation, and have provided good roads and assisted in housing and in the distribution of cheap light and power. All these matters affect public health to a preeminent degree.

Then there is the question of housing. Every health officer has declared, and it is indeed a well-known fact, that the public health has been suffering these many years by reason of the fact that we have never had a national housing policy. I will go farther and say that diseases of many types could have been prevented, and slums removed, especially in the larger cities, if a national housing scheme had been adopted years ago.

There should be a national system in connection with hospitals, because the first duty of a government is to look after the health, peace, happiness and prosperity of its citizens. That is the function of the state and always has been. Owing to our complicated constitution, however, we have been handicapped in our efforts to attain anything like that end.

Another important matter is the fuel supply. That has a direct bearing on health, because in this country very often it is necessary to have a fire nine months in the year. That has to do with public health and has its bearing on certain diseases from which our people suffer during the winter and spring months. I was chairman of a local board of health, also of the city hospital commission, and I was at other times a member of that body for a great number of years and I can speak with some experience. We came here frequently and asked different governments for help, but we got none at all. The result is that the municipality and the local board of health must safeguard the local water supply. I may say in passing that the grandfather of the present Prime Minister (Mr. Mackenzie King) was our first mayor of Toronto. The present Prime Minister was educated in Toronto. He is one of the most distinguished graduates of the university of Toronto. He is conversant with all the work of the local board of health in that city.

We have safeguarded the water, milk and food supply. There has been supervision of environmental sanitation, active control of communicable diseases, home visiting and the conduct of health clinics, vaccination against smallpox and immunization against diphtheria and whooping cough. All these and many other services have resulted in better health for our large city, and the whole surrounding area of North York. The general death rate now stands at 12·4 per 1,000 population. I shall only read one or two pages of the summary of the department of public health of Toronto to show what can be done by a municipality alone without any provincial or federal help. This is what the municipal handbook, compiled by Mr. J. W. Somers, O.B.E., city clerk, says:

The general death rate now stands at 12·4 per 1,000 population. It is worthy of note that the prevailing average age at death is sixty years, representing an increase of longevity of approximately twenty years over the past quarter of a century, and that only twenty-five per cent of all mortality now occurs in persons under fifty years of age, whereas the proportion in 1910 was sixty-five per cent. Cardio-vascular-renal conditions, together with cancer and diabetes, all afflictions more commonly found associated with later adult life and difficult of control by public health measures, were responsible for over two-thirds of the recorded mortality for the year.

One of the highlights to be recorded is the appreciable decrease in maternal mortality. The present rate of 2·2 per 1,000 living births is the lowest in thirty-five years, and when taken into consideration with the increased number of births, the decline is even more significant.

Toronto's present birth rate is 22·5 per 1,000 population and represents an increase of 46 per cent over the 1937 rate. Non-resident mothers, taking advantage of Toronto's excellent hospital facilities, were responsible for 30 per cent of all births occurring in the city.

Deaths of infants under one year of age numbered 566 or a rate of 37·2 per 1,000 live births. The value of intensive health measures in infant care is thus easily recognized when we realize that the rate existent just seven years ago was 56 per 1,000 live births.

Notwithstanding the additional hazards of war-time conditions, Toronto has achieved an enviable record of mortality from tuberculosis. The current rate per 100,000 population is 31·6, including deaths of residents occurring in sanatoria located outside the city limits. Physical examinations in large industrial plants accounted for 18 per cent of all cases reported last year, and is indicative of the value of well-planned health supervision.

In reviewing the total incidence of communicable diseases during 1943 it is to be noted that while the total of such cases reported during the year was in excess of that for 1943, there were nevertheless certain favourable features to be recorded. Scarlet fever, for instance, to the number of 1,501 cases, showed a substantial decrease from the 2,101 cases reported in 1942. Only eleven cases of typhoid fever, with one fatality, were reported during the year, the source of infection in all instances being definitely established as outside the city. Meningococcic meningitis registered a decrease over 1942 from sixty-seven to fifty-three cases. Unfortunately, thirteen of the cases occurring in the current year terminated fatally as compared with but six fatalities in 1942.

For the fourth time in ten years Toronto has witnessed a year without a single fatality from diphtheria, and only sixteen cases were reported among residents of the city. The effectiveness of the diphtheria immunization programme can be appreciated when the current figures are compared with the 1929 records of 1,022 cases and sixty-four deaths.

This brief resume of the various indices of public health will serve to demonstrate that the city's endeavours to improve the health of its inhabitants have met with a reasonable measure of success.

In the attainment of all these worth-while results credit should be given to all those public-spirited individuals and fine citizens who spent a large sum of money on preventive medicine in the large hospitals and university. Appreciation should be given to the physicians and hospitals, the health and welfare organizations of the city, the women and the citizens who have worked toward this end. My argument is that the federal power could, under peace, order and good government, make some of those grants with or without the consent of the provinces, because they would be glad to receive that recognition which they should have had long ago.

Under this new bill I hope that some money will be spent. I trust that this new bill will not be just a skeleton department, a department all dressed up with no place to go. I should like to see a national policy on hospitalization and housing and a national policy with regard to medicine in the universities so that the great scientists in medicine would be recognized. Cancer and many other problems are now being studied by great research work in the universities by men specializing in these matters. On the question of scientists I wish to refer to what has been said by a very able man, McNeill Dixon, in his Gifford lectures at the university of Glasgow. He referred to what has been done by science in recent years in the world of medicine, and this is what he said:

Take modern medicine alone, the child of science, the most promising and brightest-eyed of her family. If it has not mastered, it has so diminished as to rob bodily pain of its terrors. Plagues and pestilences have been stayed, a multitude of diseases—diphtheria, rabies, smallpox, typhus, yellow fever, Maltese fever—to name only a few—almost exterminated. Great scourge-ridden tracts of the earth's surface rendered habitable, food values understood, vaccines and anti-toxins discovered, antiseptic surgery so established as to open up new fields of remedial agency, ailments of the mind as well as of the body controlled and

relieved. This is a record, indeed, to which no previous age in history can produce a parallel. Within a century the expectation of life in all civilized countries has amazingly increased—in our own by sixteen years, in Denmark by seventeen, in parts of America by fifteen.

That just shows, Mr. Speaker, what can be done by science.

Section 5 of the bill deals with the duties, powers and functions of the minister. The administration of the measure comes under him. No definition of social security was given. No definition of social welfare was given. Paragraph (b) of section 5 reads:

> Investigation and research into public health and welfare.

That would refer to cancer and many other diseases and the work of the national research council on cancer and all that sort of thing. Dear knows there is a lot of remedial work to be done yet, although great progress has been made. It is only in its infancy as yet and needs a lot more of federal aid to hospitals and universities.

Paragraph (c) reads:

> The inspection of medical care of immigrants and seamen . . .

And so on. At this point I should like to call the attention of the house to what has been done by Australia. Sixteen thousand of our Canadian young men in the navy, army and air force overseas have married British girls in the old country. Australia is doing something in that connection on immigration. I suggest that under paragraph (c) something might be done by Canada. Seven hundred wives of Australian servicemen who married in Britain will in future have full ocean passage paid for them to Australia. The union of wives and husbands who have already returned to Australia will be speeded up. I have noticed a large number of soldiers who are returning to our city have difficulties in that connection. I do hope that under paragraph (c) we shall adopt the commendable programme of Australia.

Paragraph (d) deals with the supervision of public health on railways, boats, ships and all other methods of transportation. There is great room for improvement in that connection. I will agree that even if the bill does nothing more, in paragraphs (b), (c), (d) and (e) it will be of great use. The other day we had a disaster at Port Stanley, in which sixteen lives were lost when an unseaworthy boat capsized. In my opinion the criminal code should be amended as to criminal negligence to provide that anyone who takes people out in boats which have not been inspected from a public health or a navigation point of view may be prosecuted for criminal negligence. There was also considerable loss of life in a dance hall fire in Hamilton, where the people had no chance to escape. That would come under the inspection of public buildings, I should imagine, and the negligence clauses of the criminal code should be amended to cover buildings of that kind as well. The supervision of federal buildings and offices will be under this bill with a view to conserving and promoting the health of civil servants and other government employees; this opens a great field of usefulness, and I think a good deal could be done also in connection with public health in our penal institutions, some of which were built before confederation, and many provincial and municipal ones have been condemned by public health officers as unfit for human habitation. The government should give the lead in an educational campaign along that line by aiding the provinces and municipalities.

Paragraph (f) deals with the enforcement of rules and regulations made by the international joint commission, presumably in regard to the pollution of streams. I believe this has constituted a serious menace across Canada to public health for many years, but very little has been done.

It would appear that not until comparatively modern times has the federal government taken any steps to prevent outbreaks of disease. In 1929 the administration of the Food and Drugs Act was improved, and in later years we have dealt with opium and narcotic drugs, the Quarantine Act, the Public Works Health Act, the Leprosy Act, the Patent Medicines Act, and more recently the Physical Fitness Act. That is surely a provincial matter, and little or nothing has been done under it. The positions to be filled under that measure should be given to returned men. The other day I noticed a statement by the director of recreation in Vancouver that the secondary schools of the country do not have time for sports. If he would visit the Brampton high school, or the high schools and collegiate institutes in the constituencies of the hon. members for Davenport and St. Paul's, I am afraid he would find that at times sports take a prominent place in education, and rightly so. So that I think some of these people do not know what is going on.

Under another section of this bill the governor in council may establish such boards or committees as may be necessary to assist and advise the minister, and there is to be a dominion council of health consisting of the chairman, who will be the deputy minister, the chief executive officers of the provincial departments of health and such other persons, not to exceed

five in number, as may be appointed. Section 8 provides that provincial or municipal boards of health are not affected by this legislation. Of course their jurisdiction arises under section 92 of the British North America Act, and could not be interfered with by this legislation in any event.

In conclusion I should like to say that within the last two years a great British educationist said that we in the British empire should be careful about making national decisions during the war, because such decisions might be ill-judged since in a time like this no one is perfectly normal. I think this is good advice. People are beginning to wonder what has become of the war, because for the last few days it seems to have been forgotten in this chamber. The conduct of the war is primary; all these other matters are secondary. For years I have supported progressive measures in connection with public health and social affairs; in regard to pensions and hospitals, old age pensions, health insurance and many other matters. I can tell you, though, as President Roosevelt has said, that neither victory nor any kind of planning will bring about the millenium. I believe the time has come when we should relax the controls which have been adopted by Canada perhaps more than any other country in the world. We have had the regimentation of labour, controls over men, women and children under which people have been sent to gaol for offences which in days of peace would not have been regarded as offences. We have set up a great bureaucratic system, but when the war is over I hope these controls will be removed and we shall have no more of this regimentation, for in my opinion you cannot create a limited utopia in the way that has been suggested in this house during the last few days.

While I am in favour of adopting all up-to-date social measures which are adapted to our situation and circumstances, in view of the budget which was presented last night I must ask, whose taxes are to be increased? The state has no money of its own for all these utopian plans, dreams and castles in the air which are supposed to bring about a new heaven and a new earth, except that which is provided by the taxpayers. There is no use in merely shadow-boxing on these matters and setting out window-dressing and passing mere statutes and no way to carry it out, and forgetting all about the war. The Prime Minister of Great Britain gave us a warning when he spoke in the British House of Commons on March 21, 1943. He said that we must beware of trying to build a society in which nobody counts for anything except the politician or the official, a society where enterprise gains no reward and thrift no privileges. While I wish to support anything that is practical in the way of social changes—and dear knows we need something new for the working classes of this country—I believe some of these proposals are not practical and cannot be carried out.

I should hope that something could be done in connection with housing and fuel, because I believe those are the greatest practical health problems that we have to face. With regard to state medicine, I am in doubt as yet. Ever since the period between the two wars I have supported such measures as health and sickness insurance.

I should like to quote from the *Daily Mail* of Friday, May 12, 1944, in which it is stated that the leaders of the medical profession, including Lord Dawson of Pen, the king's physician, condemned the government's health plan on nine major points, which were as follows:

1. Doctors, as members of an expert profession, should not be subjected to non-expert direction by civil servants.

2. They object to the profession being controlled by the treasury or by the treasury outlook.

3. They oppose the "civil direction" in peace time; they do not want a doctor to be told by a civil servant where to practise.

4. The white paper calls for "a high degree of certification." This, they say, might well mean that a doctor, convinced that a patient needed a week off from work, would not dare to give a certificate because he might be questioned by a government inspector.

5. The government plan, in practice, would destroy the doctor's professional freedom and the doctor-patient relationship.

6. They oppose any attempt to introduce insidiously, by means of health centres, the idea of a state salaried service, because it would substitute for the present loyalty to patients a loyalty to the state.

7. The "health areas" into which the country is to be divided are too small and will multiply, instead of reducing, the "departmental mind."

8. Health centres should be built up slowly and be the fruit of accrued experience, and not limited, as proposed, to surgery.

9. The white paper makes no provision for training in, or practice of preventive medicine.

I have quoted from the *Daily Mail* of Friday, May 12, where Lord Dawson of Penn, the king's physician, presented his memorandum to the council of the British Medical association, condemning the government's health-for-all plan, on nine major points.

I saw a letter from one of the leading surgeons of Johns Hopkins university, namely the brilliant Doctor Thomas Cullen, who graduated from the university of Toronto and was born in that city. He pointed out that the suggested measure would not be in the

interests of the medical profession or the practice of surgery, or in the interests of the advances made by that great university in years past.

I do not rise for the purpose of preventing the passage of the Prime Minister's bill. On the contrary I commend it, so far as it goes. I believe that if money is well spent liberally there may be some good effect in the country. I have noticed that in the past thirty years health departments in municipalities have dealt with these problems. I believe that if we can get agreement with the provinces whereby the jurisdiction might be made concurrent, hundreds of millions of dollars might be spent federally in the five years following the war. That money could be spent on national housing, national hospitalization, and a national scheme in connection with science, and particularly that branch of science in medicine about which I have been speaking. And I would draw particular attention to the rapid strides made by medicine, as indicated by McNeil Dixon.

Mr. F. W. GERSHAW (Medicine Hat): Mr. Speaker, in making a few remarks in connection with the setting up of the Department of National Health and Welfare I wish to say, first of all, that my observation and experience is that the medical doctors of this country are only too anxious to grasp any new treatment that can be discovered. They would welcome with open arms any treatment which even in a small way would lessen the ravages of cancer. They have grasped the liver treatment for anaemia, the insulin treatment for diabetes, the sulpha drugs for numerous infections, and penicillin, where applicable. All they want is an assurance from some research body with respect to the safety of action in connection with new methods of treatment. These things can be obtained, and these problems can be worked out only in a national research body.

After the evidence given to-day by the hon. member for Portage la Prairie (Mr. Leader), I believe that various research bodies should again be approached, and that some real interest should be taken in probing this matter to its depths. Other cancer cures have been probed, and we have always hoped that one would be found which would really help to destroy this great scourge.

During the lifetime of this parliament and the term of office of this government, many important social security measures have been taken. We have a long list of labour legislation placed on the statute books. We have pensions, bonuses and grants. We have The Unemployment Insurance Act. We have health insurance, and we know of the efforts made by the nutritional council to make generally known the advantages of proper diet, proper foods, and the preparation of foods. The provinces have mothers' allowances and workmen's compensation acts. Now we are to have family allowances, which will be a great blessing to many people.

There is one problem, however, which has not yet been touched, and I refer to help for those who are disabled. If a man is disabled while working under a compensation act, he can get some means of living. But if he is not under a compensation act, and suffers some injury or is sick, he may find himself in a very bad situation. None of the new measures seems to give any relief in that respect.

I wish to emphasize one feature in connection with social security which has not yet been stressed, namely, that in my opinion individuals and nations will have to return to the observance of the cardinal virtues. Those virtues were called cardinal because the whole structure of our economic system hinges upon them. I believe that there will never be contentment until those virtues are restored to their old-time position.

One of the first speeches I heard in the House of Commons was during the hectic session of 1926. I can still remember the late Mr. Forke saying in effect that a man who has not contentment in his breast may be great, or rich, or wise, but never can be blessed.

We are at present engaged in a colossal conflict of arms, when war has upset the whole progress of the world and plunged it into misery and bloodshed. Why? I would say that this has happened because one nation turned its back upon those cardinal virtues. Hitler substituted the swastika for the cross and "Mein Kampf" for the Bible, disregarded the lessons of history and failed to recognize enduring truths. He even boasted that he would tear up Christianity, root, stem and branch. Instead of teaching his people humility, he taught them that they were a superior people. Instead of observing the second commandment he inflicted punishment and cruelty upon the German people and upon others, which nothing can ever excuse.

I bring up these points because I believe that a condition of affairs spoken of in the Psalms has arisen, where it is said that the dark places of the earth are full of the habitations of cruelty. We must approach the problems of social security in the light of knowledge gained in the past, and the experience of these tragic years.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. A. M. NICHOLSON (Mackenzie): Mr. Speaker, when the hon. member for Edmonton East (Mrs. Casselman) was speaking before six o'clock she mentioned that she would defer some remarks until the bill respecting health insurance was before the house. She appeared to me to be unduly optimistic, if that bill is to come before the house this session I fear that we shall be here until Christmas.

The Prime Minister (Mr. Mackenzie King), in speaking this afternoon, indicated that this bill would provide a sort of clearing-house which would coordinate the health services in the different provinces of the dominion. That is not good enough at this stage. The people of this country expect and deserve that legislation be placed on the statute books by this parliament to remove the inequalities in the medical services in different parts of Canada, so that the health of the Canadian people may receive the attention which it deserves. If the British North America Act does not place responsibility for the health of the people on the right branch of government, the conference which is to be held between the provinces and the dominion has been too long delayed. Too often the excuse has been given when important legislation has been proposed that this is not a matter in which the federal government can act. In turn, the provincial governments say that they have not the jurisdiction or the funds, and the municipalities are unable to find the resources to introduce the changes desired. When war breaks out it is in the interests of us all that we should have a maximum number of able-bodied men and women to give their services in defence of our institutions. Then it is important that our young people should have their defects of vision corrected, their teeth put in good shape, that they be free from tuberculosis, that they be able to stand up to the rigours of modern warfare. If it is important in time of war, it is equally important in time of peace to be concerned about the health of our people and to see that sufficient hospitals and nurses and doctors and dentists are available to give the very best services in different parts of the country.

While some hon. members who have spoken this afternoon appear to be satisfied with the progress we have made in Canada, members of this group are far from being satisfied. Here again Canada lags. I have before me "A Distinguished Report on a Proposed Reorganization of Medical Practice in Great Britain." This group of younger doctors are not only concerned about having medicines and hospitals but with some of the wider medical problems. They speak of two groups of problems connected with but not strictly a part of medical planning. First, they say that medical organization is largely determined by the social pattern of the society in which it exists. The second group of problems, they point out, which are connected with but not strictly a part of medical planning are those of environmental planning for health and happiness. They go on to point out that the people of Great Britain can have as high a standard of medical hospitals as they want to. In connection with their studies they give some attention to the control of industry, rationing, price fixing, nutritious food, adequate supplies of heat, light, potable water, sewage disposal arrangements, and fresh air. They say:

> Since it has been discovered that finance, as such, is no longer a limiting factor in national endeavour, it will only be offered as an excuse for not taking action by the ignorant, the prejudiced, or the wicked.
>
> There is no need for a return to pre-war poverty, slumps or unemployment, if we are prepared to impose certain disciplines on ourselves. By continuing to sacrifice some freedoms, which we have willingly sacrificed in war, we can gain greater freedoms than we possessed before.

They go on to point out:

> A planned health service is an A1 priority. The best that the medical and allied professions can provide must be available for everybody. Provided this does not encroach on other A1 priorities we need not count the cost. Since the productive wealth of Britain has never been greater, we can plan if not prodigally at least boldly.

They mention the importance of eliminating poverty, caused by the unemployment of the chief wage-earner or his sickness; sickness benefits, provision for old age and many other important proposals.

In the United States a survey has been made, and I have here an interesting report in *News* of Toronto, in its issue of March 18, 1944, regarding some of the discoveries that have been made in the United States, among which are:

> More than 40 per cent of the counties in the United States contained no registered general hospital to serve their total of 17,000,000 people in 1938.
>
> Nearly a quarter of a million women had no medical aid in childbirth.
>
> In eighty-four cities, 28 per cent of children had neither physician nor hospital care in illnesses which disabled them for a week or more
>
> One-third of the 35,000,000 children under fifteen years old in the United States were in families unable to afford medical care.
>
> Two-thirds of the United States rural areas were without child health centres or clinics.
>
> More than a billion days were lost from work each year by 70,000,000 sick persons.

They go on to say:

Poor people . . . get sick more easily and oftener than well-to-do people. Because they are poor, they cannot afford to buy adequate medical care. And if they live in a poor county there is not enough tax money available with which to buy medical care for them. Hence they tend to get sicker and consequently poorer. The more poor individuals in the county, the poorer the county. In the end, there are so many sick people who cannot afford a doctor that the doctors begin to complain about the competition of the free clinic—if any—or even to move away. Whereupon more people get sicker and poorer, poorer and sicker. . . .

A similar record could be written about conditions in Canada. The legislation which is now before this house is not going to provide a single hospital; it is not going to make possible the spending of even ten thousand dollars to carry out the research work advocated this afternoon by the hon. member for Portage la Prairie (Mr. Leader). I thought, after hearing him on two occasions, and considering the very small amount of money which would be required to consider carefully all the claims made by the hon. member on behalf of Doctor Davidson, that this government would have little justification for not making the necessary appropriation under the War Measures Act to conduct the investigation. The amount required would be very small. I understand that the Minister of Pensions and National Health (Mr. Mackenzie) indicated that the Department of Justice had indicated that such an appropriation would be irregular.

Apparently the government is following the same sort of policy followed in connection with old age pensions. It is not introducing a programme with a view to giving Canada the best possible medical services at the earliest possible date; the policy seems to be to do as little as possible. When one considers representations which have been made by organizations like the federation of agriculture and the Canadian Congress of Labour it would seem that these lay organizations are more progressive and have a clearer grasp of the problem. The federation of agriculture in a brief presented a year ago stated:

The large majority of the people are unable to pay for adequate medical care with its rapidly increasing scope and costs; while at the same time, those who give the services are not receiving a just remuneration. This state of affairs is having a serious effect on the welfare of our dominion.

And further now:

Health is a national problem which is becoming more and more evident under the stress of war conditions. The responsibility of the federal government in calling on man and woman power from all classes entails federal responsible for the people's health. . . .

A national health plan would encourage a strong national sentiment. Confederation was intended to foster a national economy. There is now urgent need to revive this interest.

The Canadian Congress of Labour presented one of the most critical analyses of the proposals which had been submitted by the government. They took strong exception to the proposed plan of financing the scheme and they point out:

The congress believes that the only equitable method of financing health insurance or health services is by taxation based on ability to pay. The whole cost should be met out of the proceeds of steeply graduated income and inheritance taxes levied by the dominion. Any other system is bound to be unfair as between different classes of contributors, and bound also to penalize the poorer provinces and delay their adoption of this scheme.

In justifying his proposals, the Minister of Pensions and National Health (Mr. Mackenzie) said:

It has been suggested that a completely free or non-contributory system should be adopted, but it is considered that such a system encourages the pauper mentality and may create a delusion that the public purse is bottomless thereby encouraging extravagance and maladministration. It is more consistent with the dignity and independence of man that he should purchase the necessities of life with his own money. Under a contributory system of health insurance, benefit becomes a right and not a charity. Moreover, the beneficiaries who are contributors feel a sense of responsibility in regard to the cost of services and administrative procedures.

I wonder if there is anyone who would suggest that the soldier, sailor or airman should pay for the medical and dental services he receives? Is there any suggestion that they are paupers when they accept medical and hospital services provided for them? Is there any question about the type of service given? Recently I visited the R.C.A.F. station at Dafoe, Saskatchewan, and while there the air ambulance came in from Winnipeg to take back an airman who was in a serious condition. He was to be taken some four hundred miles. There was no question about costs; it was considered to be in the public interest that that airman should have the best attention which could be provided and that care was available in Winnipeg. While they had an excellent hospital with a competent staff, as well as X-rays and the latest facilities, at Dafoe, better facilities were available in Winnipeg. That man was transported in a few hours to Winnipeg to receive that attention.

I think the argument advanced by the Canadian Congress of Labour that the funds

necessary to give the people of this country the best medical and hospital care possible should be secured from taxation is one that cannot be dismissed lightly. In their brief they deal with the inadequacies of the proposals and state that they make no provision for cash benefits to maintain minimum income during interruption of earning power on account of illness. It is very important that when the breadwinner goes to a hospital his family should not be compelled to go into debt. They also point out

> The draft bill makes no provision for the extra medical, dental and nursing personnel who are even now urgently necessary, and who will be not less but more necessary under a health insurance scheme. The American committee on the cost of medical care considered that there should be one doctor in every seven hundred of the population and one dentist to every thousand.

We have never been able to reach that goal in Canada. The medical procurement and assignment board report that in Canada we have one doctor for every twelve hundred of the population. In Saskatchewan there is only one doctor for every 2,078. As I mentioned before, in my riding there is only one doctor for about every 5,700 people. I think in this enlightened day we should provide for our civilian population at least as good medical care as we do for the criminals in our penitentiaries. If my people were located in one of the penitentiaries they would receive much better medical and dental care. For example, I find that in Kingston penitentiary they have a part-time doctor who is paid on the basis of $3 per year per convict, and the dentist is paid on a similar basis. I found one day that in addition to the dentist at Kingston there were two convict dental assistants. They were dressed in white uniforms and were doing the type of work normally done by a qualified dentist located in a small town or village. I do not think it would be too much to hope that the non-convict in Canada should have as good hospital, medical and dental care as his fellow citizen behind the stone walls of a penitentiary.

According to the brief presented by the Canadian Congress of Labour we are short of nurses in the country. Again Saskatchewan has the worst record. The average for all Canada is 2·06 nurses per thousand of population, with Saskatchewan having only 1·23. The congress of labour complains about the proposed cost of medical services. I would not complain about this cost if the federal department were planning on collecting and spending all the money. As we listened last night to the Minister of Finance (Mr. Ilsley) we were reminded of how easy it is to get, not millions but billions in time of war.

If we want to spend the amount suggested by the advisory committee, there would not be much cause for criticism if it were all collected by means of federal taxation, but we find that a large percentage is to be charged against the people in the communities who will be required to pay on a per capita basis. The proposed amount for medical services of $9.50 per person works out in a rather surprising manner for a rural municipality such as Kelvington.

The doctor there is providing very satisfactory services for $5,000 per year, but this proposal would give him $23,325. He tells me that if he were collecting on a fee for service basis he would earn a little more than that in the average year, but he does not expect that the farmers in that community, who are having to sell their produce at fairly low prices, will be able to pay him an annual return of $25,000 for his services. He is making a real sacrifice by working in that northern community. He is doing surgery which compares very well with what is being done in our large cities and I think he could earn several times as much as he is now getting. He is doing an important public job. It would be difficult to convince the people of that particular municipality that they should be taxed to pay for medical services to the extent of $23,325 a year when it is assumed that we have sufficient doctors in Canada.

The Canadian congress brief emphasized the importance of having additional medical schools so that we shall have sufficient doctors available to care for our peace-time needs. Even with the accelerated policy of training students, we cannot hope to train enough in the colleges that are available to provide a standard such as the Americans suggest, namely, one doctor for 750 people. They emphasize the need of new mental hospitals, hospitals for the care of communicable diseases and for senile patients, many outpost hospitals, industrial health service, et cetera.

A valuable contribution to the subject of health has been made by the state hospital and medical league of Saskatchewan. Most members of the organization are laymen, but those who have read "Medical Quest" by E. R. Powell, the secretary, a copy of which has been sent to every member of parliament, will appreciate the constructive suggestions that are made by this organization. Every member will be well repaid for a careful reading of it. I would mention particularly their reference to the health of animals as a part of a national health programme. So far, the importance of the health of animals has been overlooked by the administration and we find ourselves talking about health insurance programmes with

no provision having been made for the training and paying of veterinary doctors to look after the inspection of cows for tuberculosis or for Bangs disease, or for the inspection of meat in the rural areas. We do have on federal pay a number of graduates from veterinary colleges, but they are paid such scandalously low wages that there is no incentive to encourage young men from the high schools to go to a veterinary college. If a young graduate from a veterinary college wants to set up in private practice his only hope is to go to Montreal, Winnipeg or Vancouver and open a pet hospital. Is it not a serious reflection on our civilization when we train young men to look after canaries, kittens and pups and leave large sections of Canada in such a condition that it is impossible to have cows tested for tuberculosis? We see children admitted to sanatoria because it has been their misfortune to drink milk from tuberculosis infected cows. The federal government says that this is a matter for the provincial government and the provincial government says in turn that, while the health of animals is in their jurisdiction, they have not the resources to train or to pay graduates in veterinary science to go and supervise properly the health of animals and test cows for tuberculosis.

This brief points out there are a number of diseases such as swine erysipelas and Bangs disease, found among animals and easily communicated to human beings. It also points out that there are large areas throughout Canada where veterinary medicine is a forgotten science. Since the horse and buggy are disappearing it seems to be assumed that we no longer require anyone to go through veterinary college to inspect meat or to test animals for contagious diseases. I submit that the contribution made to this important subject by the federation of agriculture, by the Canadian Congress of Labour and the state hospital and medical league in Canada should be carefully considered by the government and by members of this house.

Of course we are supporting the legislation. We are glad to have something rather than nothing, but we hope that the federal government will give much more courageous leadership in bringing this important question of health before the different provincial governments and will refrain from passing the buck to the provinces or municipalities. Through the kindness of the Minister of Pensions and National Health I sat in at a conference when ministers and deputy ministers of public health from various provinces were here. It was evident from the discussions that all the provinces are most anxious to cooperate with the federal government as soon as possible; but most of the provinces are in this position, that many of their sources of revenue have been taken over by the federal government and they cannot see their way clear to launch the type of programme which is necessary at this stage of our history. Unless the federal government gives leadership and an assurance to the provinces that ample funds will be available, we shall find ourselves, when the war is over, with the men and women in the armed services coming back to civilian life with a poorly planned programme ahead and with very poor medical, hospital and dental services available for them.

Mr. J. J. McCANN (Renfrew South): I wish to make a very few brief observations with reference to this bill which has to do with the setting up of a department, to be called the Department of National Health and Welfare, for the purpose of looking after the health, social security and welfare of the people of the country. I am glad that the Prime Minister (Mr. Mackenzie King) in introducing the bill has seen fit to retain in it the name "national health." It was at first proposed that it should be a department of social welfare. The term "national health," to the medical fraternity at least, means a great deal, because a fight was waged in this country, starting back in 1919, brought about by conditions which obtained more particularly after the last war with reference to venereal disease, to set up a department of national health. Many countries throughout the world have departments of national health. There is one in Great Britain, one in Australia and one in New Zealand. There is a department having to do with national health in the United States and in almost every democratic country in the world there is a department of national health and in some a department of national health and security. So that it is with some satisfaction that we see that the name has been retained and that the principle which has been fought for by the medical profession throughout Canada has been vindicated.

I am not sure that this department is going to be all that we would desire. I am very sorry that it appears to be what will be the remnants of the present Department of Pensions and National Health when the matter of veterans' affairs is taken away and put into a department entirely its own. Under the bill which was put through lately, the Department of Veterans' Affairs will have to do entirely with the treatment of returned men. I submit that, in these times particularly, when we have a shortage of hospital accommodation and of personnel, both of trained medical help and of nursing services, it would be much better if all the medical services which come

under the jurisdiction of the medical department were put into one department. What is the condition at the present time? Under the Department of Veterans' Affairs the treatment of returned men will be taken care of. Under the Indian affairs branch, for the treatment of those people who are wards of this country and with whom we have both contractual and moral obligations to look after their education and health, we have a separate division in the Department of Mines and Resources which has to do with the treatment of 125,000 Indians in Canada.

There is delegated to this department which will be set up the supervision and treatment of those who will be in the marine hospitals. Therefore you have three separate divisions of medical treatment under three different departments. From the point of view of economy and efficiency, having regard to the reduced number of medical men who are practising to-day, it would be much better if all the medical services came under one department. According to the statement of the Prime Minister old age pensions, pensions for the blind, physical fitness and family allowances will be transferred to this department. I submit that they should come under the Department of Pensions because they are exactly what they say they are, pensions for the old people, pensions for the blind and family allowances, which is to be a type of pension. If the department were called the Department of Pensions and looked after pensions which go to veterans, pensions which go to the blind, pensions which go to the old people and family allowances, which are a type of pension to people having big families, then you would have concentrated in one department and under one administrative unit all those particular branches that have to do with the administration of pensions. However, we cannot obtain all these things in a day. But in view of the fact that because of a comprehensive study and review of the situation with reference to medical treatment there has been recommended by the assignment and procurement board an amalgamation of the medical services of the three branches of the armed forces, I am hopeful that some day it will come about that all the medical services with which the federal department has anything to do will be concentrated in one particular department.

This new branch of the service under a minister who will look after the health, social security and welfare of the people of Canada, has a splendid opportunity to do an extensvie piece of work if it fulfils the objective which is set for it. The health of the people of Canada should be of primary importance because, after all, it is people who count in this world, not material things. The federal government has not given the health of the people that consideration which is their due and to which they have been entitled throughout the years. I was glad to hear the Prime Minister say to-day that more attention will be given to the health of the people of Canada and that it was a matter of some concern to the government.

If we look at the record we find that the Department of Agriculture has spent many times more money on the health of animals, under the health of animals branch, than has been spent by this government on the health of the people. That is because due importance has not been given to the value of people as an asset to the country. Much work has been done, and there has been some measure of cooperation between the national health department and the provincial departments of health, but there has not been throughout the years that spirit of cooperation between the provincial departments of health and the federal department of health that there should have been. I place no blame for that upon the minister because his function has been one of administration, but I have repeatedly heard it said by men high up in the health departments of the different provinces that they did not often get that degree of cooperation or coordination of effort in health matters which they might reasonably expect between their various departments and the national department at Ottawa. I hope that that will be changed, because, after all, these problems are not provincial problems; they are not federal problems; they are a common problem; they are the problem of all the governments in this country whether they be municipal, provincial or federal And the problems which confront the people can be solved only by the closest type of coordination and cooperation.

I do not think that throughout the years any science has made greater advances than has the science of medicine. The expectancy of life of the people has been materially increased within the last twenty or thirty years. The matter of prevention has played a very important and prominent part and has given splendid results. The greatest difficulty has been the inability of people to take advantage of the services which could be theirs if they were in an economic position to take advantage of them. The one great step which is being made to bring that about is the aiming at social security for our people and the adopting of the proposed health insurance in which we should have the full cooperation of federal and provincial governments if

we hope to obtain that objective. As I said a moment ago, a great deal had been accomplished through the adoption of preventive measures by organized departments of health. These people, aided by physicians, nurses and dentists and the work of voluntary health agencies, have made many important contributions. For instance, we have a reduction in the death rate of tuberculosis in one province alone to one-fifth of what it was in 1900; a reduction in typhoid fever to one-fiftieth of the rate in 1900; a reduction in the diphtheria death rate to 1/85th of what it was in 1900. These are just a few illustrations of what has been accomplished.

There has been a marked reduction, too, in the number of infants who have died in the first year of life, so that the infant mortality rate for the whole of Canada has fallen from ninety-three per thousand living births in 1926, to sixty in 1940. These great reductions in the number of deaths of infants and young children have resulted in an increase in the life expectancy. In the United States the life expectancy in 1900 was 49·2 years. This was raised to 63·7 years in 1942, which represents an increase of approximately 13½ years. The position in Canada with reference to life expectancy is very similar. Primarily that increase in life expectancy is due to the great reductions in the death rate among infants and young children. Gratifying as are these results in sickness and deaths very much remains to be done. In 1942 there was something over 6,000 deaths from tuberculosis and something like 250 from diphtheria; far too many. I merely state these things, Mr. Speaker, to point out to hon. members that there is a great field for preventive medicine in Canada and that it can be carried out only if the federal government gives leadership, guidance and financial assistance to the provinces and health educational agencies.

I should now like to say a word or two with reference to the particular matter which was brought up this afternoon by the hon. member for Portage la Prairie (Mr. Leader), who spoke of Doctor Davidson's supposed cure for cancer. I am not going to make any attempt to refute the arguments or the statistical data he presented to the house. However, lest the impression go abroad in this country that nothing is being done by the medical profession in regard to the study and treatment of cancer, I want to place on record the fact that we have in this country several agencies and men high in the medical profession making a continuous study of the cause and treatment of cancer. There is, for instance, the Rockefeller foundation of New York, which has been one of the greatest benefactors of mankind in reference to medical research. It has not placed any limit upon the amount of money it has made available to universities and research bodies on this continent in the attempt to find out the cause of cancer and what can be done for it. In addition, we have in this country what is called the Canadian cancer research foundation, which has been carrying on this work for several years. Every university in Canada, particularly the university of Toronto through the Connaught laboratories, carries on from day to day, every day, research in that particular line; and any worth-while suggestions are brought to the attention of one of these bodies and investigated. The British are doing the same thing; they have the British research society for cancer. In this country the medical societies, including the Manitoba medical association, the Canadian medical association, the public health association and many others, are carrying on this work.

The American medical association and the British medical association review each year what has been done and the advances that have been made, and state definitely the position of the medical fraternity and the medical schools in reference to cancer. They have come to this conclusion, that as yet they do not know what the causal factor of cancer is. They do know, however, as we put it in medical terms, that it is excessive proliferation of a type of cell, which means an excessive growth. Whether that is due to infection; whether it is due to some glandular disturbance; whether it is due to some nutritional disturbance, has not been determined. But just as a few swallows do not make a spring, neither do a few sporadic cases which have obtained benefit from a particular kind of treatment warrant the profession saying, "Here we have a cure for this particular disease."

It has been accepted by the medical profession that no case can be counted cured unless for a term of at least seven years after treatment there is no evidence of any recurrence. To put it briefly, I think I can say that the position of the medical profession to-day is that the cure for this particular disease is surgery and X-ray and radium treatments. I am sympathetic to the point of view which has been put forward by the hon. member for Portage la Prairie, but this form of treatment having been investigated by the medical society of the province of Manitoba—

Mr. MACKENZIE (Vancouver Centre): And by Sir Frederick Banting.

Mr. McCANN: —and by Sir Frederick Banting and other authorities. I do not believe this government, the department of

health or the national research council should be called upon to spend the money of the taxpayers in further investigation. As far as I am concerned that is sufficient to deal with this matter, and I have placed on record the position of the medical profession in that regard.

I have said a few words in regard to health conditions, and I should like to make one or two observations with reference to social security, which really is to be the objective of this new department. There are many methods by which social security can be obtained for the people of this country. There are avenues which will have to be explored and broadened as the years go by. We have the preventive feature with reference to illness. We must take into consideration whether or not our people are properly housed, whether or not their nutritional requirements are being met sufficiently, and so on. We are a signatory to the Atlantic charter, and if we are to do our part we shall have to give the people of this country freedom from fear and freedom from want. Perhaps the greatest fear the people have is the fear of sickness or of invalidity in their old age, and of their inability to secure a living. These are all avenues which will have to be explored. There is great scope for activity in connection with health, social security and social welfare, open to whoever will be given the duty of guiding this new department. I am sure, with these objectives in mind, together with many others, the condition of the people of this dominion may be very greatly improved in reference to both health and social security.

Mrs. DORISE W. NIELSEN (North Battleford): I think most hon. members are in agreement with the setting up of this department. Personally I welcome it; while not in exactly the form I should have liked, nevertheless it is an advance, and I believe will be generally welcomed by the people of Canada. Naturally the creation of a department such as this opens a very wide range of discussion, but I think there will be other opportunities to discuss the matter of health services, particularly, so that I do not intend to deal with that question this evening.

As I see it, the two main functions of the department as it is now being set up will be these. First, it will provide for intelligent and equitable methods of meeting the modern hazards of our economic life. I believe it definitely implements what was placed before the country in the Marsh report which, at page 10, quotes the report of the Sirois commission, as follows:

> For a large proportion of the population incomes are not sufficient to take care of these contingencies through their own resources. . . . It is impossible to establish a wage which will allow every worker and his family to meet the heavy disabilities of serious illness, prolonged unemployment, accident and premature death. These are budget-shattering contingencies that strike most unevenly.

Second, the department will help to develop greater economic and social stability by providing a more equitable distribution of our national income. That, itself, is a most important thing.

I noticed a short while ago a report in the Montreal *Gazette* of June 3, with respect to a speech made before the Canadian Political Science Association. The report is as follows:

> "Social security has so far received less than adequate recognition as a method of creating employment which is probably more effective than public investment in terms of financial cost," J. R. Beattie of the Bank of Canada in Ottawa declared yesterday at one of the afternoon sessions of the 16th annual meeting of the Canadian Political Science Association at McGill university. "It is true that social security expenditures do not leave bricks and mortar to show in government balance sheets," he said, pointing out that their effect is seen in a higher standard of living and better people, and there is a practical value for every group in the community in the greater ecoonmic and social stability which results.

If my memory serves me correctly, the Prime Minister (Mr. Mackenzie King) did say this afternoon that some of the measures which now exist, such as unemployment insurance, will remain under other ministers. I feel that this is rather a pity. Of course, that is possibly the only thing that can be done at the present time, but I believe the ideal objective toward which we should all strive would be that of developing an integrated security and welfare programme to cover all hazards, under one department. I hope that condition will develop as time goes on.

In the United States at the present time a bill, known I believe as the Murray-Wagner bill—proposes just that sort of thing. I recognize that certain conditions exist in Canada which do not exist to the same extent in the United States. Difficulties in connection with dominion-provincial relationships which now exist will be, I hope, not exactly ironed out but at least clarified in the coming dominion-provincial conference. I hope that as a result what I have suggested may be made easier of achievement.

The wide range of discussion which perhaps might be allowed under this bill is not what

I wish to indulge in this evening. I should, however, like to concentrate particularly on one thing. I must say I was a little disappointed when I looked through the various sections of the bill, and gave special attention to section 5. To-night I should like to devote a few minutes of the time at my disposal to speak about one very large group of Canadians, a group which, although not specially represented in the house, commands the interest of every hon. member. The group of which I speak consists, roughly, of 2,000,000 children in Canada. I should have liked to see in the bill—and I still have hopes of seeing it—a separate paragraph in section 5 stating that under the powers given to the minister he may set up a special branch to deal with all matters pertaining to child welfare. In my view the time has definitely come when we should have a certain group of officials dealing specifically with all problems relating to children.

If we tackle the needs of children at the present time, and if we give all the attention that is required to the development of their health and their upbringing, then within a short space of time—possibly only fifteen or twenty years—we shall seriously reduce our needs for hospitalization, and for all the cares and cures we require to-day.

At the present time we have only two sections of government which deal specifically with the needs of children. Under the Department of Pensions and National Health work is being done by Doctor Couture, who has published an excellent book entitled, I believe, "Mother and Child". The book has had some circulation; but I must confess that in my opinion it has not reached the homes it should have reached. I must be honest and state that although I have copies of it in my office in this building, I have not once seen a copy of that book in any rural home I have visited—where it is needed so desperately. Then, in the Department of Labour we have special officials whose duty it is to look after the day nursery scheme, and creches. I cannot help feeling, however, that this service is quite inadequate to meet the needs of the children of this country.

I would say that any section of the new department, whose officials would be charged with looking after the needs and care of children, would have as its main task the carrying out of a very wide range of educational services, through all types of propaganda available to a department of that kind. This would include the press, women's magazines, radio and films. All matters regarding child hygiene and child welfare should be brought before the public with much greater force than has been done in the past, and I believe there would result very rapidly a growing consciousness on the part of mothers with respect to the things required by their children.

It would seem that we are about to enact legislation to provide children's allowances. Much as I hesitate, or rather dislike saying this publicly, yet I am a little afraid that, through a lack of knowledge, in many instances those children's allowances will not be used in the best interests of the children concerned. While I am going to support the idea of children's allowances, still I feel that much of their value will be wasted unless, at the same time, they are accompanied by a wide educational campaign which will provide mothers with the information they need to have respecting the best way of spending the money in the interests of their children.

Definitely I believe that the child welfare branch should take over from the Minister of Labour (Mr. Mitchell) that section of his department which deals with creches and day nurseries. I know the minister likes dealing with men, but I am wondering whether he likes dealing with matters of this kind.

Mr. MITCHELL: I like dealing with babies, too.

Mrs. NIELSEN: I think those matters could be dealt with more adequately by a branch such as I have mentioned.

There is a great need, particularly in rural areas, where we have not the same facilities as are found in cities and larger centres, to have more propaganda and more widely circulated information for mothers, by way of literature, with respect to pre-natal and post-natal care. I cannot appraise too greatly the marvellous work which could be accomplished by officials in such a branch in that field.

There is one other thing which I believe would bring very good results, and that is to have such a department carry on a special campaign with respect to child nutrition. This would be not only an educational campaign, but something of a practical nature. Again, as I said before, the spending of money for children's allowances should be done in such a way that the children would actually receive the value from the expenditure of money. Personally, I cannot think of any single project which could be carried out in Canada where, for the same expenditure of money, the government could provide Canada with the same amount of good returns as by expending it on a nutritional campaign. This could start out by having a practical applica-

tion in the form of a programme organized throughout the whole of Canada for school lunches.

Some hon. members may feel that that is rather small potatoes, and that it is beneath the dignity of members of parliament to discuss. But, as I said before, I cannot think of anything which would give greater results for the money expended, or which would bring in better returns by way of health and strength for a growing generation, than by bringing into the schools of the nation the practical food requirements which will ensure healthy bodies for our children.

There are various ways of estimating the cost of such a scheme. I am in a position to know that already within the Department of Pensions and National Health there are officials who would do everything within their power, if they were only free to be able to start such a plan, and organize on a wide basis throughout the country. It could be done very amicably, I believe, with the provincial officials also. There need be no friction over it. If the federal government had a department which could organize on a wide scale, it would give impetus to the provincial governments which have already, I know, started programmes so far as they have been able to do so. The whole plan could be issued as information; it could encourage not merely hot lunches where they are feasible but even in some places could do what we are doing for some of the Indian children, issuing a special candy with a vitamin content. That is being given to Indian children in some areas, and I can think of many white children, particularly in my part of northern Saskatchewan, to whom it would be well to issue such candy. I see no reason why Indian children should not have it; I am not against that at all. I am saying what a pity it is that our own children cannot have it in areas where it is badly needed also.

There are no figures to prove to hon. members that malnutrition exists among the children. I have not been able to find any figures; yet that it does exist I am certain, Poverty has been one of the main causes but not the whole cause. I will admit quite freely that ignorance on the part of young mothers and in some degree a slight indifference to these things has also been responsible. I believe that in a school lunch programme you could make the focal point the teaching of good eating habits not only to the children but through them to the parents. In that way the scheme would be of very great importance.

I was thinking only the other day of the marvellous work done by women's groups all over Canada in support of the war effort. We have Canadian clubs, the I.O.D.E., the Red Cross, church groups, the Y.W.C.A., little tiny clubs of women everywhere who have been giving of their time and energy to provide comforts for our soldiers, sailors and airmen. I have often thought to myself, what is going to happen to the energies of all these women when the war is over. Why cannot we, with the setting up of this department, enlist all the energy and ability and willingness of these groups to work on behalf of the children in this country who are in need of help and care so badly? I believe that many of these women's groups would welcome the idea if the department started to organize these many things which are needed on behalf of mothers and children in Canada. So far as the work which is being done for the soldiers, sailors and airmen is concerned, the women do not care what rank a man has so long as he is in uniform. Then comforts and all kinds of things are provided for him. So it is with children; there is no difference between them. Whether they come from the homes of the poor or from middle-class homes, there are many things which need to be done for them, and I believe that this department which is being set up could help to give the women of this country something to go on fighting for and working for after the war is over rather than letting all their effort and energy and initiative lapse for want of stimulation, coordination and organization from a government department. I believe that nothing should be done in this regard in a dictatorial way. It should be rather a matter of suggestion in the beginning. In many local communities you could get action committees set up, organizing programmes to suit the needs of the localities. There need be nothing stereotyped about it, but a wide range should be open for the exercise of the abilities of the women who would take up this work on behalf of the children. It would be a challenge to our women to win the peace which is to come after the war.

I would ask the Prime Minister, who has introduced this bill, if before it passes he would not consider setting up under section 5, among the functions of the minister—I shall not attempt to word the clause—the setting up of a certain group of officials in his department whose special function it should be to care for the welfare and basic needs of the children of Canada.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I am fortunate indeed in addressing the house after the two hon. members who have just spoken. One of them, the hon. member for Renfrew South (Mr.

McCann) belongs to one of the learned faculties, and the other, the hon. member for North Battleford (Mrs. Nielsen), is fully qualified as a mother to speak on behalf of the children.

As I did not agree with the so-called social legislation which was introduced in 1935 by the Bennett government, I do not agree with this kind of legislation, and for several reasons. The main one is that I strongly object to centralization. In my view the more centralization we have in any field, the less efficiency we have.

This bill is astonishing in many respects. It refers to health, social security and social welfare. That is the basis of the bill. Every hon. member who has already spoken on the bill has repeated time and again health, social security, social welfare. What is that? There is no definition in the bill. We have to guess what it is. We have so much difficulty with the interpretation of our obscure legislation as it is now that the least we can ask is a definition of these three terms, "health," "social security" and "social welfare," which together form the cornerstone of this bill, if I understand it well. Why are these terms not defined? Is it to make the bill vague? Is it to circumscribe the operation of the measure to the narrowest possible application? I do not know; I hope not. But here in this bill I point out is a legislative deficiency for which there is no excuse whatever.

What is social welfare? I do not know. What is social security? Who knows what social security is? It may mean everything, and those who are charged with the interpretation of the legislation may remain silent when the question is asked of them. What is health? Health is not defined in the bill. Nobody can say what is the lawmaker's intent with regard to a definition that does not exist. That is the first observation that I have to make in that regard.

The department is defined. There is a very bright definition of it in clause 2, which says:

"Department" means the Department of National Health and Welfare.

Very able! Most profound! The second definition is also very profound. What is the minister?

"Minister" means the Minister of National Health and Welfare.

Most profound! The third definition apparently has been written by some solon of no common genius, because it reads:

"Deputy minister" means the deputy minister, or deputy ministers, of national health and welfare.

Those are the only definitions given in the bill, and I do not understand how the Prime Minister can introduce a bill containing only those definitions when others are so badly needed. I agree entirely with some statements of the hon. member for Renfrew South. He has told us that the purpose of a bill like this is to promote the health of the people of Canada. I cannot, however, share his views regarding centralization.

The next section deals with the establishment of the department, and the second subsection states:

The minister shall have the management and direction of the department and shall hold office during pleasure.

Section 6 of the bill reads:

The governor in council may establish such boards, committees and councils as he deems necessary, to assist and advise the minister and to cooperate with provincial authorities for the purposes of this act.

The minister is to have the management and direction of the department, but on the other hand he will receive assistance and advice from boards, committees and councils which are to assist and advise him. This means that the deputy minister or deputy ministers who are to be named apparently are not considered competent enough to advise the minister. If that is not carrying bureaucracy to the utmost, I do not know what it is. We are to have not only one deputy minister, but perhaps two, as well as all sorts of bureaucrats surrounding the minister and preventing him from seeing the sick man on the street or anywhere else.

Subsection 2 of section 4 reads:

Such other officers, clerks and employees as are necessary for the proper conduct of the business of the department shall be appointed or employed in the manner authorized by law.

All appointments are supposed to be made by the civil service commission. Years ago the present Minister of National Defence for Air (Mr. Power) said that all appointments to the national defence purchasing board would be made by the civil service commission. We know very well that no dollar a year men have been appointed by the civil service commission up to now. It is true that that board is now the Department of Munitions and Supply. Subsection 3 of section 4 gives me some anxiety. It reads:

Notwithstanding anything contained in the immediately preceding subsection of this section, the governor in council may designate persons who, prior to the commencement of this act, were members of the staff of the Department of Pensions and National Health to be members of the staff of the department, and, upon such designation, such members shall be deemed to have been transferred to the department on the date of the commencement of this act, but no person shall by reason of such designation be eligible to be certified as permanent by the civil service commission.

All the bureaucracy of the present Department of Pensions and National Health is to be embodied in the new Department of National Health and Welfare. If I am dissatisfied with the bureaucracy of the Department of Pensions and National Health, no matter what may be said in their defence, because people are suffering on account of their incompetency; if I complain I shall be told that I am a coward because I attack people who are not here to defend themselves. The fact is that I shall have to go before bureaucrats who will be transferred from the present department to the new one. The name may be different, but it will be the same. Is it possible to think of that? It is most unfortunate.

It may be said that I do not want the Canadian people well looked after, that I do not want them to receive medical care, that I am not sincere, that I use extravagant language, that by opposing this I am against progress. I may be told all that, but I have deep-rooted convictions. During his western tour of 1940 or 1942, I do not know which, the Prime Minister (Mr. Mackenzie King) said that he regretted that he could not come in contact with the people the same as do private members. It is because I, like other private members, come in contact with the soldiers and the sick people that I express myself as freely as I do.

One main objection is that we do not know what is meant by the bill. The so-called objects of the bill are not defined. My next complaint against the bill is that it is in conflict with the constitution of this country. It goes farther than any other bill has gone to bind provincial executives to dominion boards, to make them subject to dominion legislation. They are to be subject not only to dominion legislation, but to the orders which may be issued by this bureaucracy that we have now and that we shall always have in the future if a check is not put on them.

Let us come to section 5 which reads:

The duties, powers and functions of the minister . . .

There is a lot of redundant language there which means nothing; it is just legal phraseology.

. . . shall extend to and include all matters relating to the promotion or preservation of the health, social security and social welfare of the people of Canada over which the parliament of Canada has jurisdiction, and, without restricting the generality of the foregoing, particularly the following matters:

(a) the administration of such acts of the parliament of Canada and of orders or regulations of the government of Canada as are not by law assigned to any other department of the government of Canada or any minister thereof relating in any way to the health, social security and welfare of the people of Canada.

I object again. Why say "orders or regulations not by law assigned to any other department of the government of Canada"? If all orders concerning health are to be under the new Department of National Health and Welfare, is it not possible to provide that any matter relating to health, if we are to have a department of health, shall be placed under the minister of health? It ought to be easy to draft the legislation accordingly.

Take, next, "investigation and research into public health and welfare"—I am referring to paragraph (b) of section 5. I suggested to the government years ago that they should appoint Sir Frederick Banting as president of the national research council. He was appointed to one of the committees of the national research council after that suggestion was made. But that was not the same thing. The loss of Sir Frederick Banting is still regretted because of the important discovery he made, which has meant so much for the benefit of mankind. But there is no use in making any constructive suggestions. When a suggestion is made it is accepted in so far as the bureaucracy accept it, in so far as it does not affect the privilege and power of the bureaucracy; otherwise it is rejected.

The Department of Mines and Resources will be affected by the bill, as will be seen by reference to paragraph (c) which has to do with "the inspection and medical care of immigrants and seamen, and the administration of marine hospitals, and such other hospitals of the government of Canada as may be committed to its administration by order of the governor in council." What about the admission of immigrants? Will immigrants be admitted under the present immigration law, which is under the jurisdiction of the Minister of Mines and Resources (Mr. Crerar), at the present time, and then looked after and be examined by another department? The immigration branch should be considered as a complete entity, and immigrants cannot be admitted into this country when their physical condition is not up to the standard established by law. How is it then that they will come under the jurisdiction of the Minister of Mines and Resources, and afterwards the Minister of National Health and Welfare will decide whether or not they are physically fit to get into the country? There is no reason for that. That clause is absurd except—

Mr. MACKENZIE (Vancouver Centre): There is no change from the present.

Mr. POULIOT: The whole care of immigrants should be put under one minister, either the minister of health or the minister of immigration. Otherwise the two will play ball with every immigrant.

But not only that; "the supervision, as regards the public health, of railways, boats, ships and all other methods of transportation," is mentioned. Imagine the countless inspectors who will be appointed, good doctors or fake doctors who will be on all trains, boats, ships and all other methods of transportation. I wonder if there will be a bureaucratic doctor on each bus that travels from township to township. In the streets of Ottawa, on the street-cars, it would be important to have inspectors, just as important as to have them anywhere else, because when these vehicles are crowded there is danger of contagion. There is no limit, and I do not see why there should not be an inspector on every vehicle.

Then there is "the supervision of federal public buildings and offices with a view to conserving and promoting the health of civil servants and other government employees therein." We have the supreme court building, and notwithstanding what was said by a cabinet minister, I remember that when the present Minister of National Defence for Air was Minister of Pensions and National Health he sent me a complimentary copy of the report made by one of the officers of his department telling about the rats that were in the supreme court building—the rats and the draughts and everything else—and the judges were complaining bitterly about the insanitary condition of that building. Now the judges are still in the same building, which has not been improved, and the new supreme court building is a garbage pail—we shall be told afterwards that there will be good inspection of the building under the new bill. Do you think Jean-François Pouliot can believe it? Never! I have had experience in the past with inspection and it was a farce from beginning to end. When I fought hard to have a better fireproof library I was given more than a library; I was given a supreme court building that cost millions, the cornerstone of which was laid by Her Majesty the Queen—and now it is a garbage pail for salvage, at least for the time being.

And now we come to "the enforcement of any rules or regulations made by the international joint commission, promulgated pursuant to the treaty between the United States of America and His Majesty relating to boundary waters and questions arising between the United States of America and Canada, so far as the same relate to public health." That is the kind of drafting to which I object. I was interested one day in international affairs and suggested that the item which was in the estimates for the League of Nations should be made use of to buy radium for cancer treatment, and the minister of pensions told me to wait until the estimates of external affairs were brought down. When the Prime Minister brought down the estimates of that department I asked the same question and he told me to ask the Minister of Pensions and National Health. Since they were both in the house at the same time I asked them to make a decision there and then. But there is nothing for cancer and the item for the defunct League of Nations is still in the estimates. I appreciate what the hon. member for Macleod (Mr. Hansell) has said in regard to the purchase of radium for cancer.

There are certain acts mentioned in paragraph (g) of this section. For instance, there is the Food and Drugs Act. I had occasion once to complain about a kind of compound gin that was advertised called John de Kuyper. The formula for gin is the distillation of grain with grain alcohol, with juniper herb and other aromatic herbs; and for a time the department was right. They sent instructions to the customs and excise collectors not to consider as gin any kind of concoction made otherwise. But afterwards, under the pressure of an eminent lobbyist, I saw that there was a change in the description of John de Kuyper's. It could not be called gin but a compound gin, but it was advertised as gin and I made complaints. I mention this because the Food and Drugs Act is mentioned in this section. I complained that the Food and Drugs Act was not being respected with regard to advertisements which were infringing the act and that it was a fraud. It was a kind of poison that was advertised as gin. I complained of that in the house. I quoted the Food and Drugs Act and finally action was taken in Montreal against the company, but it was postponed, postponed, postponed, until all liquor advertisements were forbidden. I would not be surprised—and I say this so that the press will be informed—if it was precisely because the advertisements of John de Kuyper's compound gin could not be published any more as gin that the press were not allowed to publish any advertisements for liquor and beer.

I now come to the Opium and Narcotic Drugs Act. It comes to my mind that the man in charge of this is a former policeman from Vancouver. He appeared before the civil service committee. I asked him if he knew anything about chemistry and narcotics. He said, "Yes." I said, "What is it? Have you had any experience with narcotics?" He said, "Yes." I said, "What narcotics?" He said, "Nitric acid." He had had experience

with that. He is the head of the opium and narcotic drugs branch. What does he do? He has a staff. He has one chemist.

Mr. GRAYDON: That would put him to sleep.

Mr. POULIOT: To eternal sleep. It showed that he did not know what he was talking about. He has a staff of twenty. He had a chemist there. And do you know what they do, sir? They prepare data for the League of Nations. I brought the matter up in the house after I had all the dope in the committee. It is time to speak of dope when you speak of opium and narcotics. He was there. He was a good and honest civil servant doing so well. He is doing positively nothing. All seizures are made by the Royal Canadian Mounted Police, as are all analyses. That man is doing positively nothing. But because he has patronage he has been appointed to that position for which he is entirely incompetent, and given a staff, and now he is an important man and signs narcotic treaties with other nations with his own name, a very important man.

The Quarantine Act comes under immigration. We know about the Public Works Health Act. We then come to the Leprosy Act. Let us pass quickly over that. The next is the Proprietary or Patent Medicine Act. If that is as conscientiously applied as the Food and Drugs Act, I do not know what may happen. The National Physical Fitness Act is the next one. We know that old age pensions, pensions for the blind and family allowances are put in here. I have already said what I thought about them, namely, that the minimum age for old age pensions should be put at sixty-five for those who need them. Pensions for the blind should be given to each human being as soon as it is acknowledged by reputable medical doctors that the child is blind. But those important matters should be under provincial control. If they are under the control of Ottawa we shall have no more success than we had with the farm loans. I very well remember the correspondence I had with the farm loan office here in Ottawa when I tried to secure loans for farmers who had no assets in the form of liquid money. They could not get anything here and it was only after a provincial farm loan was put in force.

Mr. SPEAKER: The hon. member is now straying far afield. He should confine himself to the bill.

Mr. POULIOT: I am referring to centralization, sir.

Mr. SPEAKER: The comparison was made with the farm loan board, and that does not come within the terms of the bill. The hon. member has travelled far afield. He should confine himself to the bill.

Mr. POULIOT: Sir, you know the respect I have for you. Therefore I will not say a word about farm loans.

I now come to paragraph (i) and I find something that is unbelievable. Here we have provincial officers, provincial ministers who will become dominion bureaucrats. Let us read this together: The minister, meaning by that the Minister of Health and Social Welfare, will have jurisdiction particularly over the following matters. Here is one:

> Cooperation with provincial authorities with a view to the coordination of efforts made or proposed for preserving and improving the public health and providing for the social security and welfare of the people of Canada.

We have health units in the province of Quebec that have been established with the assistance of the Rockefeller foundation, and they have done marvels. Those who do not believe what I say and who are not sure about the fact I will refer to the Quebec minister of health, the Hon. Mr. Groulx. I suggest that they write asking him for the last statistics of the Quebec health department.

We now come to section 6, which reads as follows:

> The governor in council may establish such boards, committees and councils as he deems necessary, to assist and advise the minister and to cooperate with provincial authorities for the purposes of this act.

I have compared that with subsection 2 of section 3. Subsection 1 of section 7 reads:

> (1) There shall be a dominion council of health consisting of the deputy minister, who shall be chairman, the chief executive officer of the provincial department or board of health of each province,—

Meaning the provincial minister of health.

> —and such other person, not to exceed five in number, as may be appointed by the governor in council, who shall hold office during good behaviour for three years.

Imagine a provincial minister of health being appointed to a council during good behaviour, if he behaves well, for three years! They are not sure that the provincial minister of health will behave well. It is an insult to all the provincial ministers of health of this country. I do not see how any one can accept a position to sit on such a council by virtue of legislation of this kind.

Subsection 2 reads:

> Such dominion council shall meet at such times . . .

And so on. Section 11 says that a report is to be submitted. I shall not read section 12,

but I draw hon. members' attention to it. If hon. members read it they will see that it reads like this well known French sentence:

Quand un gendarme rit dans la gendarmerie, tous les gendarmes rient dans la gendarmerie.

We go on like that. Sir, I want my Canadian people to be healthy. I want them to be well cared for. But I still believe in the old family doctor who is the adviser of every family and who knows the health history of each of his patients. I see in this house hon. members who are well-known family doctors. They are on both sides of the house. They enjoy the respect of all those whom they have known. One of them told me how touching it was to bring into the world a young child when he had assisted the grandmother at the time of the mother's birth. They are the confidants of the families. They are respected; they are helpful; they are available day and night. Can you expect the same degree of devotion from the blacksmiths whom I have denounced, who are now in the army? I wonder if the purpose of this bill is not to give them jobs when the war is over; if it is not intended to give jobs to the very men about whom I have been complaining bitterly, while I have been insulted just because I was defending the soldier and the poor who could not be heard.

The hon. member for North Battleford (Mrs. Nielsen) said that she spoke for the children, who had no representative in this house. I believe that any man who is a father, or any woman who is a mother, is always a defender and protector of children, even after being elected to high office. I wonder, however, if the purpose of this bill is not twofold. I wonder if it is not to give jobs to those who will be unable to have their own clientele when the war is over and, second, if it is not intended to make this country more attractive for immigrants after the war, immigrants of every description who will be let loose upon this country without check. I am not opposed to controlled immigration, but I am opposed to uncontrolled immigration, the kind that has been preached.

I want my people to be looked after first. When I fought to have second-hand clothing from the war department given to the poor people, that could not be done. The Indians could get it but my people could not. In 1940, after the war began but before the United States entered the war, I went to that country to make a special study of the WPA. I made my report to this house, and I was told that it contained too many statistics. What is the use? It is hopeless.

[Mr. Pouliot.]

Mr. G. K. FRASER (Peterborough West): Mr. Speaker, when the hon. member for Renfrew South (Mr. McCann) mentioned the Indian affairs branch I remembered that not long ago I saw a letter in which the Minister of Mines and Resources (Mr. Crerar) said that his department would pay only $2.50 a day for the hospital care of an Indian, a ward of the government. In that particular case I know it cost the city $3 or more a day for the hospitalization of that patient. I believe that the Indian affairs branch should pay prevailing hospital rates if they have to place any of the Indians in those institutions.

There is only one item on which I should like to speak this evening; that is, the lack of hospital accommodation for children who are mentally and physically ill. There are hundreds of these children in Canada, and we have not hospital accommodation for them. Some of them are misshapen; some are unable to understand what is said to them; some are unable to talk; some cannot hear; some cannot walk or look after themselves at all. Their parents must keep them in their homes and look after them as long as they live. I believe that one of the first things the minister of this new department should do is see to it that proper hospitals are provided for these children. He should help the provinces to enlarge the present hospital accommodation in order that these children may be looked after. There is not room for them in the existing hospitals; they have waiting lists of hundreds of children. I know that in many cases the parents of these children would not like to see them go into a hospital, but in many homes these children are causing dissatisfaction and discontent not only on the part of the parents but also among the other children in the home. It is unfair to the other children to have these mentally and physically ill children left in the homes. I am sure that if the minister had been around and had seen some of the cases I have seen, he would do everything possible to see that one hospital was established in each province to take care of these children.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, I believe that the setting up of this new department is a worth-while step, if properly handled, but I think it would be a mistake if this department is not given control of all health services. I feel very sympathetic toward the hon. member for Portage la Prairie (Mr. Leader) who spoke so well this afternoon in regard to a cure for cancer. I agree wholeheartedly that the government should assist in every possible way all the research that can be carried on in the hope

of finding a cure for this disease. I do not agree with the hon. member for Renfrew South (Mr. McCann). I know there are two schools of thought on this subject. There are those old die-hard medical practitioners—thank goodness they are not all that way—who put their whole faith in surgery and X-ray treatment. If that matter were gone into thoroughly I am quite sure that statistics could be brought down to prove that this method has not been very successful. To me the information given this afternoon by the hon. member for Portage la Prairie was convincing, and more than ample to warrant the government in making further investigations.

While I am on that point I should like to say that there are several treatments for cancer. I am not a medical man, but from my general knowledge of the subject I believe that several treatments have been effective, and they do not include surgery and X-ray. I do not know of one case that has been completely cured by surgery, but I do know of a number of cases which have been cured by other means. A year ago when I was in Calgary I was met by a committee in the Palliser hotel. They were much concerned over this question of the treatment for cancer. If I remember rightly the committee consisted of about twenty to twenty-five persons. Nearly all had suffered from cancer; one or two had goitre as well. In each case the doctors had recommended surgery, even for those who had goitre. I vividly recall one case in particular; that person was given no more than two months to live. Each of these people told me he had been cured, though not by the treatment mentioned to-day by the hon. member for Portage la Prairie. In these cases the treatment had been administered by Doctor Arnott, who lives in Ontario. Doctor Arnott has been to this government and to the research council seeking assistance to extend his treatment, but he met with exactly the same consideration which was shown Doctor Davidson, and which was mentioned this afternoon by the hon. member for Portage la Prairie. I do not think that is right, or conducive to the best health treatment of our people. We might find some who are quacks; I have not the slightest doubt about that. But if we investigate 100 cases which are unworthy, we may find that the 101st case might be well worth any expense involved.

Nor am I one who believes that all our health services can be handled efficiently by medical doctors. In this new department I believe it would be a mistake if we excluded all but medical doctors. I recall that the social security committee, which dealt with the subject of health, heard a gentleman named Doctor Davidson, I believe it was.

Mr. MACKENZIE (Vancouver Centre): Yes; president of the child welfare council.

Mr. JOHNSTON (Bow River): Yes. He was not a medical doctor, but I venture to say that he had more knowledge respecting the general health of the people than did ninety-nine per cent of the medical doctors, and he gave a most excellent presentation to the committee, one which was most beneficial to all concerned. Men like that are worthy of consideration. If the minister who is to be in charge of this department can get the services of such men, regardless of whether they are medical doctors or not, then I believe the department will be well worth while.

Mention was made this afternoon by the Prime Minister (Mr. Mackenzie King) about calling a conference of the provinces. There may be some urgent need for such a conference, and I think it would be a good thing. There has already been a conference of ministers and deputy ministers of health from the provinces, who have met in Ottawa within the past two weeks the health officials of the dominion department. This government will not meet any opposition from the provinces, when it comes to a matter of health. In almost every case when health authorities have come to meet dominion officials, it has been the desire of those authorities to go to the full length of instituting health measures. The only thing that has stood in the way has been the financial question. They wanted to extend health services, but invariably they were met with the protest, "We cannot afford it; we have not the money; the dominion government will have to supply it." That, too, is a question which will come before the new department; it cannot be avoided. The same will apply to the new Department of Reconstruction, set up only a few days ago. One of the major questions will be: Where are you to get the money? This government, if it is to give the degree of welfare which will be required in this country, will have to solve that problem.

I agree that family allowances are a step in the right direction, but I do not agree at all with the way in which they are to be administered. However, that is another question, which can be dealt with at the proper time. One of the best ways to improve health is to prevent sickness, rather than to try to build up the health of the individual after sickness has broken it down.

The hon. member for North Battleford (Mrs. Nielsen) said that one of the greatest enemies of health is that malnutrition brought about, in many cases, by undernourishment, which, in turn, is the result of insufficient financing. Family allowances, to a degree, will take care of that difficulty if, as was pointed out by the hon. member, there is proper supervision, and proper information is given to the families concerned.

I am not going to oppose the setting up of this new department, because I believe it is long overdue. It is my hope that the government will hasten the implementing of these improvements to the full.

Mr. G. T. FULFORD (Leeds): Mr. Speaker, I should like to deal briefly with a matter existing in Canada to-day which I believe the new Department of National Health and Welfare will have to consider immediately at the conclusion of the war. I do not recommend that what I shall suggest should be undertaken right away, because I am aware of the difficulty connected with securing materials and, second, that of securing the necessary workmen to complete buildings.

Speaking, however, as a governor of the Brockville General hospital, I feel that as soon as this war is over, material grants will have to be made to the public hospitals of Canada. Brockville is a town of over 12,000 people. We have two hospitals; one is the Protestant General hospital, and the other is the Roman Catholic St. Vincent de Paul hospital. Since the introduction of the blue cross plan, a plan whereby for so much a week each member of the family is cared for, conditions in the hospitals have become intolerable. To give hon. members an idea of the conditions let me say that in the Brockville General hospital, built originally to accommodate seventy-two beds, there are to-day 116 beds, and there has been no increase in the size of the building.

I have known of cases concerning women, who, upon being sent to the maternity ward, have found that ward so crowded that they have been obliged to wait in the corridors. The agony that these poor women suffer is beyond comprehension. Furthermore, it is not fair to those patients who are suffering, perhaps, from serious maladies, but who find themselves placed in rooms adjoining the corridor.

Very few hospitals in the smaller towns have the required isolation facilities for contagious diseases, nor have they proper equipment. I realize that conditions are far better in Eastern Canada than they are in the west, chiefly owing to the fact that our distances are not so great, but serving the town of Gananoque, in the county of Leeds, with a population of 3,600, there is no hospital nearer than Kingston. I might add that as late as last week there was no doctor in that town, and had it not been for the good graces of the Canadian army there would be none to-day. Fortunately, however, through the procurement and assignment board, they were able to secure one.

Under any health scheme people will flock more and more to their doctors and the hospitals. I believe that the blue cross hospital scheme has proven that. Therefore, when a health insurance programme is adopted in Canada we must be prepared greatly to enlarge our hospital facilities. And, having Gananoque as an example, we shall also have to be prepared to educate many more young men in the study of medicine. Certainly, as conditions exist to-day, and even taking account of those doctors who will return from overseas, we shall definitely not have enough to satisfy the common needs of the people.

I urge, therefore, that serious consideration be given by the new department to the giving of grants to smaller communities to enlarge those hospitals which now exist and, where they do not exist, to enable communities to build community hospitals.

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, up to the present I have not referred to any of the social legislation that has been introduced in connection with the various departments which have been set up. Speaking for myself, I am rather disappointed at the fact that while these new departments of government are being set up, the problem of social security and social welfare is not being faced by this parliament at this time. Everywhere throughout the world to-day, particularly since the war began, there has been an intensification of the desire of people for a maximum of security. Only to-day I was reading a report of the national resources development board of the United States wherein is epitomized the aims and purposes of social security and social welfare in a way that I do not believe has been equalled anywhere else. In this report is set up a bill of rights for the people not only of the United States but throughout the united nations. It summarizes the viewpoint of those who believe that there can be social security and that there can be an extension of our social horizons under a system of private initiative. That

bill of rights reads as follows, and with the leave of the house I intend to put it on *Hansard:*

1. The right to work, usefully and creatively through the productive years;
2. The right to fair play, adequate to command the necessities and amenities of life in exchange for work, ideas, thrift, and other socially valuable service;
3. The right to adequate food, clothing, shelter, and medical care;
4. The right to security, with freedom from fear of old age, want, dependency, sickness, unemployment, and accident;
5. The right to live in a system of free enterprise, free from compulsory labour, irresponsible private power, arbitrary public authority, and unregulated monopolies;
6. The right to come and go, to speak or to be silent, free from the spyings of secret political police;
7. The right to equality before the law, with equal access to justice in fact;
8. The right to education, for work, for citizenship, and for personal growth and happiness; and
9. The right to rest, recreation, and adventure, the opportunity to enjoy life and take part in an advancing civilization.

That, Mr. Speaker, summarizes the aims of social security. I have been struck by the fact that while in the last few days a number of bills have been brought before the house to set up departments of government, there has been no facing up to the issue of making provision for social security. All of us admit the necessity for social security. The only question we have to determine is this—and that challenge comes directly before the members of this parliament—whether or not social security as an actuality can be secured while at the same time we retain our freedom, or whether it is necessary in order to attain that security that we submit to state regimentation.

I submit, after looking over this bill that, while to read it in general would leave the impression that measures of social security are to be brought in, as a matter of fact all that the bill provides is for the machinery, with as yet no provision for the adoption of social security. The result is this: Legislation such as this, this kind of circumlocution, if I may call it so, provides an ideal incubation for political unrest in this country. I feel that the time has come for the government to introduce its measures of social security, for the machinery provided for the measures will be entirely meaningless without the measures themselves being provided.

When I look over this legislation it promises much in the matter of the powers and the duties that will rest on the minister, but it makes no provision for bringing into effect any legislation. Section 5 is a section that I should like the Prime Minister (Mr. Mackenzie King) to explain. I cannot understand why it is necessary to place in that section these words:

. . . the promotion or preservation of the health, social security and social welfare of the people of Canada over which the parliament of Canada has jurisdiction.

Why is there any necessity for these words? Why is there any necessity for a later provision, section 8, which provides:

Nothing in this act or in any regulations made hereunder shall authorize the minister or any officer of the department to exercise any jurisdiction or control over any provincial or municipal board of health or other health authority operating under the laws of any province.

These two sections are redundant; they are unnecessary. The parliament of Canada has jurisdiction only over those matters that are provided for under the constitution. While I do not know what the reason may be, I wonder whether those provisions are placed in the bill with a view to being able to explain later, when social security measures that are believed about to be implemented are not brought into effect, that the explanation will be available that they are not within the powers of the parliament of Canada

The Prime Minister should place before the country fairly and adequately the powers which this parliament has in the matter. Today we find all over this dominion, as a result of political unrest—the consequence possibly of political unrest—that many people think they can be the beneficiaries with everyone else being the contributors. By doing so we will guard against the various political parties placing themselves in a position of bidding in competitive benevolence, and promising things that cannot be carried into effect, for the reason that the legislative authority of this parliament does not permit some of these promises being carried into effect.

I feel that a great deal of good would be done if the Prime Minister would set out in detail the extent to which this parliament can legislate under the powers that it now has to provide for the essentials, food, housing and medical care, so that people everywhere in this dominion will know just how far this parliament can go and beyond which it cannot go.

We have now been in session for several months. Promises were made in the speech from the throne. As an example, health insurance seems as far removed from being carried into effect as it was two years ago before the committee was set up.

I realize the difficulties in connection with jurisdiction and in the matter of the distribution of powers as between the federal and provincial governments, but these matters must be faced. We who believe in a system of free initiative are faced with a challenge more strongly than ever before, that we assure the people of the same measures of social security as promised by those who believe in state regimentation. We must assure the people that those measures can and will in fact be implemented by this parliament and that where parliament lacks the power immediate measures must be taken by cooperation with the provinces to establish a comprehensive system of social security.

We must face the fact that everywhere in this dominion people are saying that we who believe in a system of free enterprise will promise social security but are unready to take the responsibility of seeing that it is brought into effect. I fear very much that legislation such as this will add to the fears of the people in that connection. We have a greater responsibility than the mere passing of legislation granting powers, and must face, I repeat, the responsibility of assuring social security under our present system with freedom; otherwise those who believe that these things cannot be secured under our present system will follow the leadership of those who believe that freedom is incompatible with the adoption of social security.

As far as the setting up of a ministry is concerned, the Progressive Conservative party advocated that at its convention in Winnipeg. It advocated the appointment of a minister of social security and reconstruction who would be charged with the administration of social security in this country, and also that the state's share of the cost of the social security system should be borne by the dominion in order to secure an equality of social security throughout the country as a whole.

As I look over this legislation, section 5 would lead me to believe that a great measure of social security is promised and will be adopted, whereas in point of fact, practically the outstanding matters under that section that can be carried into effect will be those in paragraph (g) which refers to the administration of certain acts which will come under the jurisdiction of this department, and the enforcement of rules or regulations made by the international joint commission.

I ask the Prime Minister to place before the country fairly and squarely the powers of this parliament. In addition, I ask him to bring in at the earliest possible date legislation to implement the social security programme and make it applicable to-day and not as of July 1, 1945. What the people are asking is this: What are you going to do? What is your plan? What instrument are you going to set up to carry the plan into effect? What machinery have you in mind? We need more than just the machinery provided here; we need the actual adoption of measures which will assure this country that degree of security which all the united nations are asking for while at the same time maintaining our freedom.

Mr. G. H. CASTLEDEN (Yorkton): Mr. Speaker, in making a few remarks on the establishment of this department I should like to point out the great need there is in Canada for health and social security. These reforms are long overdue. Canadians in our armed forces and Canadians at home have not forgotten the depression of 1930-39 when under both a Tory and a Liberal regime this country knew want, insecurity and deplorable depression. A million Canadians were on relief and the youth of this land was denied the ordinary right of life. When you want to kill a tree the best method is to cut its roots. If you want to destroy the well-being of a country deny to its youth the right of life. It was only six short years ago when the prayer of the young men of this land, as was stated the other day before the reconstruction committee, was, "give us war in our time, O Lord." I do not think we could have a more glaring comdemnation of the failure of the Canadian economic system.

Then overnight Canada blossomed forth into great production. Has not Canada shown what she is capable of producing? With a large percentage of her labour population away she has exceeded any production records that ever existed. She surprised even herself. If the natural resources of this country were properly developed we could exceed the powers of the Canadian people to consume.

Canada reaped a harvest from those years of depression in the fact that when her young men were called to the armed services the records show that between forty-five and fifty per cent were unfit physically or mentally to don the king's uniform. In thousands of homes throughout this land ill health, insecurity, poverty and want have brought our national standard to a point possibly lower than any of the other self-governing dominions of the Britsh empire. The crime of the whole thing was that it was so unnecessary, as has been proved since this war began.

This bill to set up a Department of National Health and Welfare is in the same category as the other bill to set up the Department of Reconstruction, but I am afraid it is only a gesture to hide the failure of our economy.

Reconstruction and reform in Canada's social life will not come from the setting up of departments. First of all, this department must have the desire to change what is wrong in our economy. Then it must have the power to change that, a power given by a democratically elected government. Unless there is a change in the viewpoint of the industrial life of this country, such departments as these will be useless. Unless there is a change in the motivated force of our economic life I can see nothing but a return after this war to want and insecurity which will lead ultimately to another war. Under the economic system under which we have operated in this and other countries where irresponsible private enterprise and monopolistic organizations control the economic life of peoples and make money out of war, wars will continue. One would imagine, from reading such bills as have been before the house, that the Canadian people are undergoing a change; that there is a new outlook on life in Canada. Unfortunately, however, when we see what is going on in the industrial life of the country, we find private enterprise so strongly entrenched—

Mr. MacNICOL: You are talking about something you know nothing whatever about.

Mr. CASTLEDEN: That is splendid. The hon. member for Davenport has expressed on other occasions the view that he does not think—

Mr. MacNICOL: You are talking about something you know nothing about. We have heard that before.

Mr. CASTLEDEN: The hon. member has told us before who, in his opinion, should be sitting here.

Mr. MacNICOL: We are perfectly fed up with that. You may know something about schoolteaching but nothing about industry.

Mr. CASTLEDEN: The hon. member does not think anyone should sit in the House of Commons except those who have provided jobs in the past.

Mr. MacNICOL: You have never provided jobs to anyone but the man cutting the lawn. You should talk about something you know something about.

Mr. CASTLEDEN: That is what I am doing. I am talking about the depression and about unemployment, about young men who could not make a living on the land, who could not find work—thousands of them—and about the million people who were on relief under the industrial set-up of the country prior to the war, and I claim that all this is unnecessary in a land where there is such abundance as exists in Canada. I am sorry to see that the trend of private enterprise in these days is rather toward the continuation of the strengthening of their position. Now, when they find the profit motive does not work, they want the guarantee of the state to maintain them in their position. Several glaring examples of this appeared in the evidence given before the committee on reconstruction. I should like to quote the following:

> It might be pointed out that some firms engaged in war industry at the present time are faced with the element of uncertainty because the dominion government has not, as yet, laid down a clear policy concerning what is to become of dominion-owned machinery and equipment that is presently in the hands of these companies for their war work.
>
> One such company, in a brief presented to the reconstruction council stated categorically that if they were allowed to purchase these machine tools, equipment and raw materials in their possession for a nominal sum on proof that it would be put to productive use, they could guarantee employment for the 480 of their present employees who wish to remain with them after the war, as well as between 250 and 300 personnel who will be returning to them from the armed services.

Several instances of that kind came before our committee. The Canadian people have the resources wherewith to provide themselves with the food, the clothing, the shelter and the various services which can be made use of in this country. They have the resources to provide themselves with all that they need. These resources exist in abundance in Canada. Knowing this, the Canadian people will not tolerate a return to the conditions that have prevailed heretofore. Our social security and welfare will depend upon our ability to distribute these goods and services to the people who need them for their use. What has happened in the past? These natural resources of this great country have been handed over to irresponsible private enterprise and in many cases monopolistic organizations have exploited them at their own desire. I refer to Beauharnois, to the mineral areas of Canada, to the developments of International Nickel, to the vast timber limits handed over to private enterprise, and more recently to such things as power development and the development of oil rights in the Yukon and Northwest Territories.

Until these natural resources, which we hold to be the birthright of the Canadian people, are developed by the people themselves as something which they own, through either state or cooperative organization, to be used by the people themselves and not merely for the purpose of producing profits, where the

genius of the Canadian people, their ability and their engineers have developed and processed the things they require in order to produce the social security, improvement and welfare of the Canadian people, so as to make the benefits of science available to the masses —until these things are done for the welfare of the people, we can look in vain for any improvement in the social condition of the people of Canada. To the extent to which we can provide ourselves with these requirements we shall have abundance; and when we have surpluses arrangements can be made to exchange them for the things we require from other nations. When that is done we can look for the day of social security in Canada and then provide ourselves with the health services which we need.

It has been implied by other speakers that such a system would mean state regimentation. A democratic cooperative commonwealth in Canada will bring the first real freedom that the Canadian people have known for some decades. This house will do well to remember that we can never have real democracy in this country, political democracy, until we have an economic democracy. Until that is achieved, the passing of such bills is like putting a patch on an old tire. We are not opposing this bill, but we do not look upon it as being very helpful.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I shall not say more than a few words, since I am anxious to get the bill through. I appreciate the general expression of approval of the principle of the bill to establish the new Department of National Health and Welfare, though some hon. members, like the last speaker (Mr. Castleden), have damned the measure with faint praise, while my hon. friend the member for Lake Centre (Mr. Diefenbaker) has been unduly suspicious about the good that is likely to come out of it. As he was speaking my mind went back to the time over forty years ago, when I received a communication stating that the Liberal government of the day had decided to establish a Department of Labour in Canada, and I was asked if I would undertake the organization of the new department. When I read through the debates I found that the hon. gentlemen opposite had for the most part been questioning the advisability of starting a Department of Labour, and the line of argument they presented almost parallels what the hon. member for Lake Centre has said to-night.

First of all, there was the question of jurisdiction. Was the government sure that parliament was within its jurisdiction in establishing a federal Department of Labour? Was not that something that belonged to the provinces? Up to that time labour questions had been dealt with either by the municipalities or by the provinces, and was it not a waste of public money to start this new department? Then, there was the argument that it was in the nature of class legislation, caring for people who did not know how to take care of themselves. It was said that every man ought to be able to look after himself without having a department of government to look after him. There were other questions as to what was to be done. Was the government prepared to give some guarantee as to measures that would be carried out, and so forth and so on. Well, the department was started. I am rather proud to say that, when I came to Ottawa to begin the organization of the new department, I had first of all, with the assistance of the then Postmaster General, to find a building in which it could be housed and I had to ask for the loan of his stenographer, so that I might have the stenographic assistance necessary in beginning to organize the work of the new department. I will not say more than that, except to indicate that if a cause is right, the purpose is a good one, and the necessity exists, there is every reason why what may have small beginnings will grow into a service that will be of great national importance.

Is there anyone, to-day, who would say that we ought to abolish the Department of Labour? Is there anyone who would say that the Department of Labour has not been performing its duties within the jurisdiction of this parliament and that it has not been a means and the instrument for furthering the enactment of law after law which has been of the greatest possible benefit to people of all classes in this country? Up to that time there had been no machinery to deal with industrial disputes. The first act that was passed was one having to do with conciliation in industrial disputes. That was followed later by a special measure to deal with disputes on the railways. That was followed still later by the Industrial Disputes Investigation Act. That measure has been followed by others dealing with industrial disputes. I think I am safe in saying that the work which has been done by the Department of Labour in the last forty years in the prevention and settlement of industrial disputes represents a contribution to the national life whose value it would be very difficult indeed to estimate. And as is the case with all these things that are good in themselves, what they may have served to prevent is something in addition which cannot be estimated.

If we had not to-day the machinery we have for dealing with industrial disputes, which has been developed over the years, I should like to know where we would be at the present time in the matter of prosecuting this war, and in procuring the supply of munitions and supplies which we are producing. The wisdom of a measure of this kind is in what it anticipates, how far it looks into the future and may help to meet the needs of the future. I mentioned only one or two enactments of the Department of Labour. They are enactments with which I had personally to do at that time, and I have followed them with interest ever since, for that among other reasons. I should mention another act which, as a matter of fact, when later I became Minister of Labour, I introduced in this house. It was the Combines Investigation Act. That again was the outgrowth of the then Department of Labour and its work. What had become the method of dealing with industrial disputes became the method of dealing with trusts, combines and monopolies and their anti-social methods in some of their developments. Will anyone say that that work has not been of national service or that it has not been very much needed? If we had not had that act on the statutes, I venture to say the growth of monopolies, trusts and cartels in this country would have been such as few of us at the moment can conceive.

I recall that the first labour legislation that was passed in this parliament was a measure dealing with fair wages on government contracts. That was a measure that subsequently led to the establishment of the Department of Labour. That measure dealt only with government contracts. Comment was made this afternoon from the opposite side of the house in these words: "Tell us what there are in the way of government services that deal with the question of welfare that this department is to have anything to do with? Just what are the federal government services that are to be controlled?" A list of them has been given in section 5 of the bill; but what I wish to point out is that the first work of the federal government in Canada dealing with labour questions related to government departments. It began by seeing that the workers on government work were given a fair day's wage for a fair day's work. That measure subsequently led to the enactment of maximum hours of work and minimum wages which should be paid on all government contracts. That has led to a service throughout this dominion which has secured for the working classes of this country, not only on federal government work, but on work of the provinces as well, working conditions, wages and hours which may be regarded as fair and just. There is a great measure of social justice applied to government contract work which, but for the establishment, at that time, of the Department of Labour in this country, would not have existed until much later.

I might go on and refer to other measures. I speak of these measures particularly, because I have had to do with them myself. I have watched the effect of the establishment of departments dealing with social questions and where they are likely to lead. Mention has been made several times in the debate in this house of old age pensions. Some hon. gentlemen on the opposite side of the house have been seeking to take credit to their groups for having had to do with the establishment of old age pensions. May I say that if there had not been a Liberal administration in office at the time, which was interested in social questions we would have no old age pensions established at the time we did in Canada. It was the hon. members on this side of the house, who had the majority, who were able to put through measures of social legislation and who, to a man, supported my proposal in this house that we should have old age pensions established in this country. But I recall that there again objection was raised on this score of jurisdiction. It was said, what jurisdiction had this dominion in matters of old age pensions? We had to recognize the fact that we had no jurisdiction to establish an old age pension measure and administer it under this federal government. To administer such a measure it was necessary for us first of all to secure an amendment to the British North America Act. If we had been indifferent to the matter of our social legislation we probably would have taken refuge in the fact that the British North America Act was too big a measure for us to attempt to change; but we appreciated the need. We felt that the provinces could not be expected to take up a measure of this kind unless we gave them some assistance, and in order to ensure an old age pensions act being established in Canada we agreed to give assistance to the provinces, provided that they would join with us in enacting the necessary legislation. We passed a measure, a provision of which was that, if the provinces would contribute half, the federal government would contribute half of what was necessary to pay old age pensions, in the several provinces. So as to avoid any question of jurisdiction we agreed to leave the administration of the measure to the provinces.

In saying the British North America Act had to be amended, I had in my mind more

particularly the unemployment insurance measures. I shall speak of unemployment insurance in a moment. In dealing with pensions we did not wait for an amendment to the British North America Act. But to make perfectly sure that we would meet a great social need in this country, a need that was being felt very keenly at the time, this Liberal administration undertook to see that old age pensions were established. When it became obvious to us that there was a demand for a higher outlay than the provinces were able to meet, at a subsequent session we increased the amount of the dominion's contribution. This was done in order to make sure that this much needed social legislation would go farther in meeting the needs of those whom we are still trying to help because of the difficulties they are experiencing in an industrial age where people, once they can no longer perform certain services in industry, are thrown out of employment without any further recognition of the services that they have rendered throughout their working lives. Well, that is another measure that grew out of the establishment of the Department of Labour.

I come now to unemployment insurance, and here may I say again that, if there had been no Liberal administration in office at the time, there would have been no unemployment insurance. It was in this connection that the objection was again raised that we had no jurisdiction. But we did not let that stop us. We made every effort we could to secure cooperation from the provinces to get the British North America Act amended to give us the required power to enact the legislation. We succeeded in having the British North America Act amended; we secured the jurisdiction, and to-day we have in existence an unemployment insurance measure very far-reaching indeed in its provisions, which, along with the other enactments I have mentioned, forms a very substantial beginning in social insurance. I am told that the fund already has reached the proportions of $200,000,000, which will indicate the scope of that measure.

I could refer to other matters. I recall one in particular, because I was a young minister at the time and felt pretty sensitive over some of the attacks that were made by the opposition. It was in connection with an endeavour to have the dominion take some part in the all-important question of research. I brought in a measure providing for the appointment of a royal commission to deal with the question of technical education. The moment the government spoke of that measure we were told that education in all its aspects belonged to the provinces; that we had no business interfering with the provinces; that we were invading their jurisdiction.

Mr. GRAYDON: That is what you said in 1935, too, was it not?

Mr. MACKENZIE KING: If my hon. friend will just be quiet I will deal with him in a few moments, if he wishes.

Mr. GRAYDON: I did not think you would like that interjection, but neither did I think you would make that reply.

Mr. MACKENZIE KING: I repeat; the objection was raised from the opposite side of the house, as it has been raised to this measure to-night, that we were seeking to invade provincial jurisdiction, and that therefore we should not proceed. Fortunately we did not listen to that argument; we went ahead and appointed our royal commission, which made very important recommendations with respect to assistance the federal government might give the provinces in the development of technical education throughout Canada. That development has expanded and extended from that day to this, and has been of infinite service to this country. That has been so not only in time of peace; its usefulness has been demonstrated time and again during the period of this war. To-night, when we bring in a measure which I firmly believe will result, through further education in the matter of health, in the prevention of disease and improving the health and well-being of the people, again it is said, "Beware! You are going into a field that is sacred to the provinces; you are stirring up political strife," and so forth. My faith is stronger than that. I believe the day will come, though some of us in this room at the moment may not live to see it, when the service that will be rendered to this nation through the establishment of a department of health and welfare, in helping to preserve health and in preventing illness and disease, will be looked upon as one of the greatest contributions ever made by the parliament of Canada to the national life of our country.

I could go on to mention other measures, but I hope I have said enough at least to entitle me to say with conviction that I have faith in the good that will come from what this government is doing at the present time. I resent very strongly the attitude of some hon. gentlemen in attacking a measure of this kind and in alleging that it lacks sincerity, that it is a paper gesture. I could excuse the hon. member who made that statement because he is new to this house, but I might say to him

that it ill becomes an hon. member of parliament to speak of any important piece of legislation brought forward for enactment by the parliament of Canada as a mere paper gesture.

Then I come again to what was said by the hon. member for Lake Centre (Mr. Diefenbaker), who said, "We have had several measures put on the statutes. We have had several departments created. Tell us something this department is going to do; tell us some measure with which it is going to be concerned." I do not know whether my hon. friend was in the house this afternoon when I drew particular attention to one of the most important measures ever placed before any parliament in any country, notice of which appears on the order paper of this house at this moment, in my name; that is the measure to establish family allowances in Canada. That measure will require to be very carefully worked out. Its administration is not going to be easy. The government does not imagine for a moment, human nature being what it is, that there may not be occasions when efforts will be made to show that the purposes which the measure seeks to attain have not been fulfilled in their entirety. In administering that measure we shall require ample safeguards that the money voted by this parliament will be used for the purposes for which it is intended. Some considerable time will be required to prepare for the administration of a measure of such proportions, to make sure that the moment it comes into operation, we shall be in a position to carry out the obligations of the statute in a way that will amply ensure that all expenditures are devoted to the particular purpose for which they are intended. But that is one measure the administration of which might at that well call for a department of welfare.

While I am on this subject I should like to say a word on a matter which arises out of it. This measure, being on the order paper, no hon. member of this house is by the rules permitted to discuss it. It cannot be discussed until it is brought before the house. Knowing this, and knowing that he must know the rules that govern in these matters, I was not a little surprised to read the other evening that the leader of the Progressive Conservative party, Mr. John Bracken, had come out in the public press with a statement that this important piece of social legislation constituted a national bribe, giving as his reason for that statement that the date on which the allowances are to commence has been fixed as from July 1 of next year. I wish Mr. Bracken were in this house. I would ask him to repeat that statement, though I am perfectly sure he would not; Mr. Bracken does not remain out of this house without reason. If he would repeat such a statement here I would appeal to His Honour the Speaker, and ask if any man, leader of a party or not, is entitled to use such an expression with respect to legislation before this house He would be obliged to withdraw the term, and he knows it. In what position are we placed? This is something I wish to emphasize to hon. members and to the people of this country. In what position is this parliament being placed before the people of Canada when the leader of a political party is granted licence to say what he pleases with respect to legislation before this parliament, and no one can call him to order if he violates the rules that have been laid down to safeguard debate and public discussion on great issues? There will be a reckoning one of these days in the matter of lawmaking, where those who are responsible because they are representatives of the people and have seats in parliament are bound to observe rules in the discussion of public questions and discussion is permitted to be carried on outside parliament with no regard or respect for rules by those who have been chosen as leaders of great parties and cannot be obliged to make good their assertions.

I did not intend to speak of that matter to-night; I shall have occasion to speak of it at another time. I wish to say, however, with respect to that particular measure, that I was responsible for fixing the date at July 1 of next year. I took that responsibility for this reason; I have told this house and this country that there will be an election either during the present year or next year, before the efflux of time of the present parliament, which means that this parliament will be dissolved before that measure can come into force. How then can it be said to constitute a bribe? I was seeing to it that it could not be made anything of the kind. I am not going to do what a former leader of the party opposite once did on the eve of an election. I remember an important election when money for wheat in storage was distributed throughout the whole of western Canada within a couple of days before the polling took place. I am going to take great care to see that no one can say that a great social measure of this kind is to have its prestige lowered by being introduced in any way which could be open to question.

Mr. GRAYDON: Why do we have social welfare thrown into politics, like you are doing to-night?

Mr. MACKENZIE KING: Mr. Speaker—

Mr. GRAYDON: It is nothing but Liberal party politics.

Mr. MACKENZIE KING: If that is so it is because the Liberal party is the only party in Canada that has placed social legislation on the statutes.

Mr. GRAYDON: The Prime Minister only believes that.

Mr. MACKENZIE KING: I believe that and—

Mr. GRAYDON: You are only whistling while you are going through the cemetery.

Mr. MACKENZIE KING: Every measure to which I have referred to-night has been a measure with which I have had a great deal to do, and for which I have had a large measure of responsibility. It has been part of a consistent endeavour on my part, as leader of a political party, to see that while need exists in the ranks of the less fortunate in our country, and while something can be done to ameliorate the burdens of the people, and while the opportunity to help is still ours, the party head, the Liberal party, should take all such measures as would enable us to feel that by our fellow men we were doing our full duty in our day and generation.

Mr. GRAYDON: Mr. Speaker, I did not wish to interrupt the Prime Minister's remarks. May I just say that I do not believe—

Mr. SPEAKER: Order.

Mr. MACKENZIE KING: The hon. member has spoken.

Mr. GRAYDON: May I just say this, that you are very much afraid of John Bracken.

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

On section 1—Short title.

Mr. MACKENZIE KING: It is now five minutes to eleven. I would therefore move that the committee rise, report progress and ask leave to sit again.

Section stands.

Progress reported.

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

END OF VOLUME IV.